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The Year the Clintons Moved Up the Ladder

Arkansas Power Broker Aided Them In Successful Commodities Trading

By Jeff Gerth
New York Times Service

WASHINGTON — Starting just before Bill Clinton was elected governor of Arkansas, Hillary Rodham Clinton made about \$100,000 in one year in the commodities market with the help and advice of a friend who was the top lawyer for one of the state's most powerful and heavily regulated companies.

The investments, made in a commodities trading account that was opened three weeks before Mr. Clinton was elected governor in 1978, substantially altered the finances of the Clintons. At the time, Mr. Clinton was attorney general. He and his wife were rising stars in Little Rock, with salaries modest by the standards of their peers.

The proceeds helped them to buy a home, to invest in securities and real estate and eventually to provide a nest egg for their young daughter, according to the couple's associates and a review of the family's financial records.

But the trades, which emerged during a two-month examination of the Clintons' finances by The New York Times, also left them in the position of having significantly relied on the help of one of the state's premier power brokers, James B. Blair, a Clinton confidant who at the time was the primary outside lawyer for Tyson Foods Inc., of Springdale, Arkansas, the nation's biggest poultry company.

In commodities trading, a speculator essentially bets on the future value of a commodity, like cattle or pork, or a foreign currency. Trading in such futures contracts is among the riskiest and most volatile of investments. By some estimates, more than three-quarters of all investors lose money. But a savvy trader, or one with special knowledge of a market, can turn a small stake into millions of dollars.

During Mr. Clinton's tenure in Arkansas, Tyson benefited from a variety of state actions, including \$9 million in loans, the placement of company executives on important state boards and favorable decisions on environmental issues.

Even today, critics in Congress and else-

where have complained that the Clinton administration is too close to Tyson and the poultry industry it dominates, sparing it from some of the tougher federal inspection guidelines enacted against the meat industry.

Mr. Blair, who later became Tyson's general counsel, and his wife, Diane, were appointed to important government posts by Mr. Clinton as governor and president.

In a written statement, the Clintons' personal lawyer, David Kendall, said Thursday:

Steer clear of partisanship in Whitewater investigation, Republican urges. Page 3.

that Mrs. Clinton traded in commodities futures "with her own funds and assumed the full risk of loss."

She did so through two different trading accounts in her own name in Little Rock and Springdale, Arkansas, he said. "Mrs. Clinton reported gains and losses on her tax returns as appropriate."

Mr. Blair, in telephone interviews Wednesday and Thursday, confirmed that he encouraged Mrs. Clinton to invest in the normally risky commodity markets and used his investing skills to help guide her through a series of lucrative trades.

Mr. Blair and administration officials designated to discuss the matter — but who would speak only on condition of anonymity — said Mrs. Clinton put up the stake with which she began trading. The officials would not say how much money she put at risk.

Lisa Caputo, Mrs. Clinton's press secretary, said in a statement on Thursday night: "Mrs. Clinton consulted with numerous people and she did her own research. This was her own risk, the commodity investments were her own responsibility."

The administration officials said Mrs. Clinton studied financial data, including some in The Wall Street Journal.

John Podesta, a White House spokesman, said that "Hillary and Jim were friends, he gave her advice."

"There was no impropriety," he said. "The only appearance is being created by

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Zulu activists dancing Friday in Uhundi, capital of the KwaZulu homeland, as their king vowed to lead them to independence. Page 4.

De Klerk Suspends Police for Arming Zulus

Compiled by Our Staff From Dispatches

PRETORIA — A judicial commission announced Friday that it had evidence that senior members of the South African police force supplied arms to the Inkatha Freedom Party and trained killers to foment political instability.

President Frederik W. de Klerk said that the three senior officials named in the report would be put on leave immediately. They are the second-ranking officer in the police force and two generals.

"This is a very serious matter," Mr. de Klerk said.

He proposed that a task force comprising international police investigators, South African police officers, a senior prosecutor and a leading jurist be set up to investigate the evidence and advise on further steps "within the next two weeks."

The allegations support longstanding contentions by the African National Congress of a "third force" — clandestine security force involvement — in the political violence between the ANC and the mainly Zulu Inkatha that has caused the deaths of 11,000 people in the last three years.

But Mr. de Klerk said the Goldstone Commission report did not necessarily prove ANC involvement of a third force. He said that only "a few" members of the police had been named.

Coming six weeks before the country's first democratic elections, the report undermines Mr. de Klerk's frequently repeated contention that his government was innocent in the violence.

Mr. de Klerk's National Party has been trying desperately to woo black voters. A prime tactic has been to present itself as the party of stability, blaming the front-running ANC for violence that has torn many black communities.

The report did not discuss involvement by any higher-ups in Mr. de Klerk's government. But it did contain an allegation that the cabinet had authorized an unusual \$340,000 payout to the commander of a secret unit when he was discharged several months ago.

The implicated policemen were apparently involved in violence on trains and in carnage in black townships involving residents of migrant workers' hostels, generally members of Inkatha, the report said.

Judge Richard Goldstone said his commission had decided that there was enough "corroboration" to release the report, despite there being a need for more time to complete investigations.

"If those intent on further destabilization succeed in aborting the election," the report said.

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Arabs Agree To New Talks After UN Vote On Massacre

U.S. Refuses to Veto Council Condemnation; 3 States Return to Table

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — The UN Security Council voted unanimously Friday to condemn a Jewish settler's massacre of Muslim worshippers in the West Bank city of Hebron, and American officials announced immediately afterward that Arab nations had agreed to resume peace talks.

The council approved the condemnation, 15 to 0, as part of a resolution whose wording has deadlocked the Security Council and put President Bill Clinton under intense pressure to exercise U.S. veto power for the first time in four years.

Secretary of State Warren M. Christopher said after the vote that Israel would soon resume senior-level peace consultations with the Palestinians as well as peace talks with Syria, Jordan and Lebanon in April.

"There have been intensive Israeli-Palestinian contacts at the highest levels today, including a telephone call between Prime Minister Rabin and Chairman Arafat," Mr. Christopher said at a news conference in Washington. He was referring to Yitzhak Rabin, the Israeli prime minister, and Yasser Arafat, the chairman of the Palestine Liberation Organization.

Mr. Christopher added, "A senior-level meeting between Israel and the PLO will take place soon and will be announced by the parties."

Israeli sources, speaking on condition of anonymity, said that Israeli and Palestinian negotiators would meet Sunday or Monday in either Cairo or Tunis, where the PLO is based.

The 15 Security Council members dusted off a procedure not used since 1985 to take separate votes on each paragraph of the resolution, first approving the section condemning the attack.

Attention was focused on the United States to see whether Mr. Clinton gave in to 82 senators who demanded that the United States veto a later clause calling Jerusalem an occupied territory. In the end, the U.S. delegate, Madeleine K. Albright, raised her hand to abstain, not veto, on that clause.

The U.S. tactic had been to use the resolution to coax the PLO to return to peace talks with Israel. The talks were broken off Feb. 25 when a Jewish settler killed at least 29 Palestinian worshippers at a mosque in Hebron.

A "no" on the clause would have been the first U.S. veto in the Security Council since a May 31, 1990, decision on sending UN investigators to report on abuses of Palestinians in Israel's occupied territories.

The council members have argued for three weeks about the Jerusalem clause and a call for stationing "a temporary international or foreign presence" to protect Palestinians in the occupied territories. The action bore immediate fruit. Mrs. Albright told the Security Council

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Croats and Muslims Form Federation, Putting Pressure on Serbs

By Steven Greenhouse
New York Times Service

WASHINGTON — Bosnia's Muslim-dominated government and Croatian separatists signed an agreement on Friday that links their territories into a single state in a move that aims to help end the civil war and put pressure on the Bosnian Serbs to make peace.

In a signing ceremony in Washington, the government of Bosnia and the government of Croatia signed an additional agreement that forms a loose confederation between Croatia and the new binational Bosnian state.

Whether the agreements succeed in bringing peace to the former Yugoslavia depends in large part on how successful the United States and Russia are in pressing Bosnia's Serbs to stop fighting and make some territorial concessions, American officials said Friday.

Presiding over the signing ceremony, President Bill Clinton said, "The agreements signed today offer one of the first clear signals that parties of this conflict are willing to end the violence and begin a process of reconstruction."

Several officials said the ceremony, attended

by President Alija Izetbegovic of Bosnia and President Franjo Tudjman of Croatia, was an important building block toward creating a comprehensive peace.

According to these officials, an overall agreement to end the civil war in the former Yugoslavia might be possible in the next few weeks, suggesting that Serbia might push the Bosnian Serbs to make territorial concessions in Bosnia to help end economic sanctions against Serbia.

The agreements on Friday, which were signed after an intense mediation effort by the United States, will create a binational state out

of the 30 percent of the land of Bosnia controlled by the Muslims and the Croats. Bosnian Serbs now control about 70 percent of Bosnia.

Bosnia's Muslim-dominated government, backed by the United States, is urging the Bosnian Serbs to cede about 20 percent of Bosnia's territory so the new state would have about half of Bosnia's land.

"Serbia and the Serbs of Bosnia cannot sidestep their own responsibility to achieve an enduring peace," Mr. Clinton said.

The Bosnian constitution will form a state with about 15 cantons, some Muslim-dominated, some Croat-dominated, some about even. The Muslims and the Croats would share power and would be responsible for foreign affairs, national defense and commerce.

Reacting to the agreements, Momcilo Krajcinovic, president of the self-proclaimed Bosnian Serb parliament, told the Belgrade-based Tanjug press agency that the Muslim-Croat federation was "an unnatural creation" that would never work.

American officials say they plan to press the

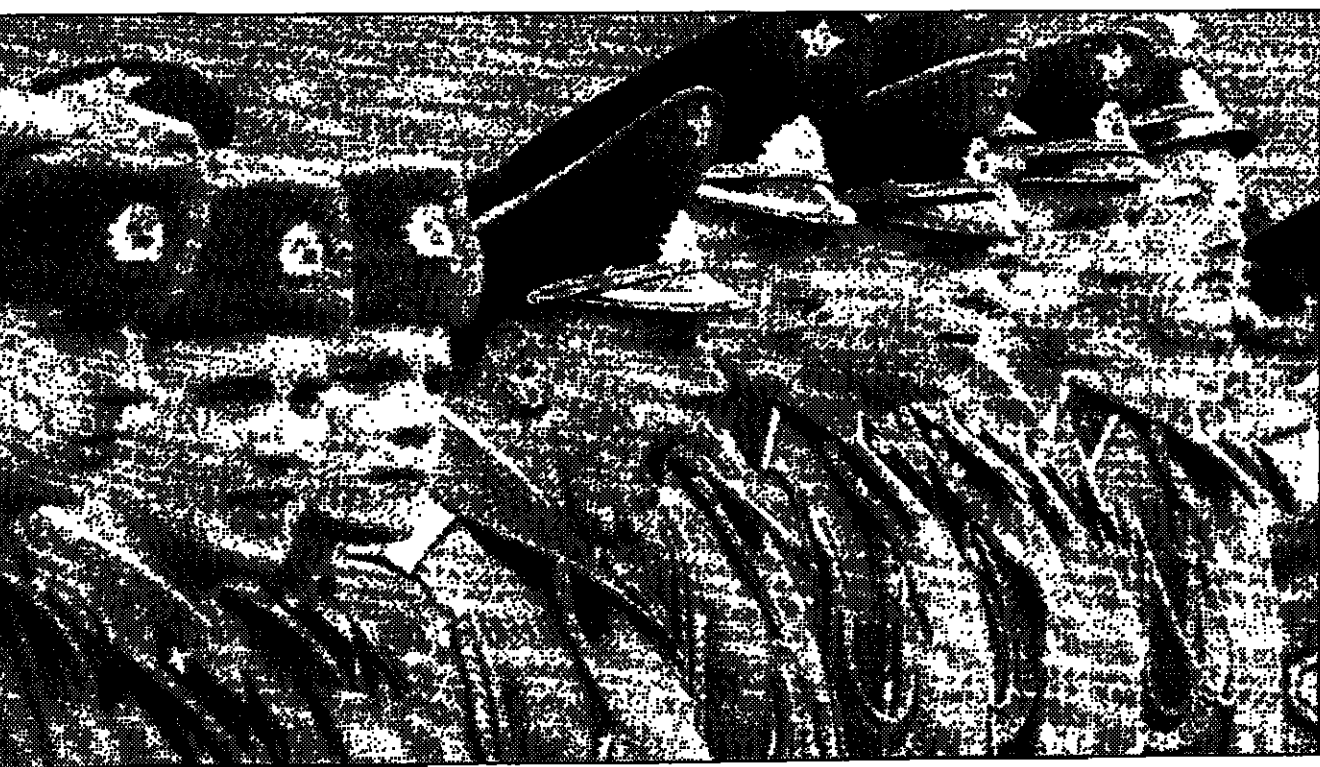
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Clinton Seeking To Ease Impact Of China Curbs

By Thomas W. Lippman
Washington Post Service

WASHINGTON — The Clinton administration is studying ways to limit the impact on American businesses and the Chinese private sector if President Bill Clinton decides to curtail China's trade privileges over human-rights issues, senior administration officials say.

Rather than making an "all or nothing" decision on revocation of trade privileges, the administration might impose sanctions only on



TIME TO RETIRE — A Russian officer yawning during a ceremony in Potsdam, marking a stage in troop withdrawal from Germany.

A New U.S. Line on Russia 'Pragmatic Partnership' Is the Theme

By Fred Hiatt
Washington Post Service

MOSCOW — Defense Secretary William J. Perry left Moscow on Friday after repeatedly invoking a new mantra of U.S.-Russian relations: "pragmatic partnership."

The phrase, rooted in growing skepticism in Washington about United States aid for Russia, is intended to reassure Americans that helping Russia is in their interest, too. Throughout Mr. Perry's visit there was no talk of idealism, shared values or generosity, only of calculated self-interest on both sides.

Several observers said Mr. Perry succeeded, during his brief visit, in showing that the fragile American-Russian partnership is producing rewards for both sides.

But the visit also underscored a dilemma in the new approach: as domestic pressure forces the Clinton administration to invoke American interests to justify aid to Russia, Russians grow ever more suspicious of American motives. That suspicion, in turn, may reduce whatever small influence Washington has over the stormy political change taking place here.

"It appears that Western democrats have given up all their hopes of seeing Russia be-

come a democratic state," an article in Literaturnaya Gazeta said this week. "Their main concern today is to achieve any kind of geopolitical control they can over the new Russian regime." Such comments are typical.

Mr. Perry had to persuade Russians that he was not here only to help America, while per-

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suading Americans that he was not just helping Russia, either.

He won a promise from his Russian counterpart, General Pavel S. Grachev, that Russia would join the North Atlantic Treaty Organization's Partnership for Peace program by the end of the month, a move that might quiet some Western fears about Russia's superpower ambitions.

On Friday, Mr. Perry signed an agreement to allocate \$20 million to promote the conversion of Russian arms makers to civilian production. Again, American officials stressed the mutual advantages, since all money is to be channeled through American companies forming joint

See PERRY, Page 4

Kiosk

Clinton Huddles With Greenspan

In a surprise move, President Bill Clinton summoned Alan Greenspan, chairman of the Federal Reserve Board, to a meeting at the White House on Friday, raising fears of higher interest rates and setting off rumbles in the American and European stock and bond markets. Page 9.

	Up	Down
Dow Jones	30.51	0.86%
Trib Index	3,895.65	113.38

	Fr. close	previous close
The Dollar	1.6998	1.6983
DM	1.4905	1.4938
Pound	108.12	105.73
Yen	5.781	5.7533

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Up and Coming
An occasional series about the leaders of tomorrow.

As a choreographer, Kirk Peterson is so known for careful planning that his dancers refer to him as "The Mathematician." A profile by Lawrence Malkin, in Monday's Herald Tribune.

Asia Forum Heeds Clinton's 'Go West'

By Thomas L. Friedman
New York Times Service

HONOLULU — Since taking office, the Clinton administration has steadily tried to shift the focus of American business away from the traditional European markets and toward Asia. Lloyd Bentsen, the secretary of the Treasury, took another step in that policy Friday, convening a group of finance ministers from across the Pacific and telling American investors that this group alone would be starting the equivalent of 18 Santa Monica Freeway projects every day for the next year.

"I don't have to tell people in this town about the need for freeways," Mr. Bentsen told a business group in Los Angeles on Friday morning, before flying to Hawaii for the meeting of the Asia-Pacific Economic Cooperation forum.

"I've given you a lot of numbers, but here are some I think hit home. In Asia — excluding Japan — they will spend a trillion dollars in infrastructure of all types in the next decade. That's a Century Freeway every week."

"If I were 30 years younger, I know what market I'd want to be in," Mr. Bentsen added. "I'm from Texas. I'm used to big. But it is difficult to comprehend how big that market is and how those economies are transforming."

Mr. Bentsen's remarks, and the first-ever gathering this weekend of all the finance ministers from the Asia Pacific region, are part of the Treasury Department's efforts to redefine both the boundaries and content of American financial diplomacy.

Throughout the Cold War, America's financial diplomacy tended to be centered on the Group of Seven industrial powers — Britain, France, Germany, Italy, Japan, Canada and the United States — and confined largely to interest rate and exchange rate coordination.

The Group of Seven jobs conference in Detroit last Monday was an attempt by the Clinton administration to try to begin transforming that organization to deal with more practical matters of daily life, like unemployment. This meeting in Hawaii of the 17-nation Asia Pacific

Economic Cooperation forum, which includes such economic titans as China, Singapore, Thailand, Indonesia and Taiwan, is the latest manifestation of the Clinton administration's main message today to America's business leaders: "Go west."

As one administration official put it: "The G-7 job summit is about what is going wrong. APEC is about what is going right."

Whatever the geostrategic thinking may be in other parts of the Clinton administration, the Treasury Department is operating on the assumption that when the history of the late 20th century is written, the most important transformation that historians will point to is not the end of the Cold War, but rather that more money flowed more rapidly to one region — the Asia Pacific — than in any decade in the history of the world.

As a result of those capital flows two billion people — two-and-a-half times as many living

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Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Cameroun.....1.400 CFA	Qatar.....8.00 Riels
Egypt.....E.P. 5000	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R.
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....300 Dr.	Spain.....1,000 Ptas
Ivory Coast.....1.120 CFA	Tunisia.....1,000 Din
Jordan.....1 JD	Turkey.....T.L. 15,000
Lebanon.....US\$ 1.50	U.A.E.....8.50 Dirh
	U.S. Mil. (Eur.) \$1.10

New Missile Threat Seen in North Korea

CIA Says Range of Weapons Could Cover Asia-Pacific Area

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — North Korea is developing two new ballistic missiles that could eventually threaten all of Japan, China, Australia, New Zealand and Southeast Asia, according to the CIA director, R. James Woolsey Jr.

Mr. Woolsey's remarks, at a conference of historians on the origins of the Central Intelligence Agency, was the first public confirmation of reports that the two new North Korean missiles are expected to have a range of more than 1,000 miles and 2,000 miles, respectively (1,600 and 3,200 kilometers).

The missiles have been designated by Western analysts as Taepo Dong-1 and Taepo Dong-2, after the name of the North Korean site where they are under development. Neither has been tested in the air, and officials said they would not be completed until the late 1990s.

Unlike North Korea's new No-dong-1 missile, which has been tested and can reach only South Korea and portions of Japan and China, the new missiles "could put at risk all of Northeast Asia, Southeast Asia and the Pacific area," Mr. Woolsey said.

"If exported to the Middle East," he said, they could "threaten Europe as well."

Officials said most intelligence analysts at the CIA and the Defense Intelligence Agency believed

North Korea was probably developing the new missiles on its own. But a minority view within the Defense Intelligence Agency holds that China could have assisted North Korea. The officials added that the issue would be clarified as the missile program proceeds.

North Korea put on its defiant face on Friday, assailing the international Atomic Energy Agency and promising to respond to any "pressure" with "a resolute measure." T. R. Reid of The Washington Post reported from Seoul.

The tough talk from the North was matched in Seoul as South Korean officials indicated they are prepared to support sanctions against North Korea, according to reports in the South Korean media.

In a statement from Pyongyang monitored by radio in Tokyo and Seoul, the Korean Central News Agency insisted that the nation's spy agency rescind its report this week that said North Korea had hindered inspection of its nuclear plants when a United Nations team visited the country March 1-14.

"If the IAEA secretariat sincerely wants a fair resolution of our nuclear issue," it must rescind the unreasonable assessment" of the inspection team, North Korea said.

The statement said that it was the inspectors, not North Korea, who violated the terms of the 1992 agreement between the UN agency and Pyongyang, and that the North had no choice but to resist the inspectors' "unjust demands."

"The agency secretariat gave the inspection team instructions inconsistent" with the agreement and "made the inaccurate report from the inspection team a fait accompli," the North Korean statement said.

ISRAEL: Talks to Resume

Continued from Page 1

that Syria, Jordan and Lebanon had agreed to resume negotiations with Israel.

The United States and Israel object to referring to Jerusalem as an occupied territory because they want the issue settled in peace talks. Jordan controlled East Jerusalem until 1967, when Israel took it during a war and then annexed it.

The United States and Israel, not a Security Council member, are willing to accept an unarmed civilian force, but only in parts of the occupied territories to come under Palestinian autonomy according to the Sept. 13 Israel-PLO accord.

The PLO wants an international force to protect Palestinians and the removal of Jewish settlements from Palestinian population centers.

Mr. Rabin has proposed that Arab police be deployed in Hebron, provided they are under Israeli authority.

(AP, Reuters)

■ Removal of Jews Weighed
Clyde Haberman of The New York Times reported from Jerusalem.

Prime Minister Rabin was reported Friday to be thinking about moving the Jewish settlers in Hebron, taking them out of their several enclaves in that flashpoint West Bank town and concentrating them in one or two locations there.

Officials insisted that they had no concrete plans, adding that in any event they would do nothing until the PLO agreed to return to the suspended peace talks.

But "once the talks resume, everything is possible," a senior official said, declining to rule out future changes in Hebron, a center of religious and nationalist fervor where about 450 Jews live among about 100,000 Arabs whose desire to get the settlers out has greatly intensified since the mass killings.



A HAND FOR THE CHIEF — Prime Minister Felipe González of Spain acknowledging applause from members of his Socialist Workers Party after he made the keynote speech Friday on the first day of the national party congress in Madrid. He urged unity against unemployment.

Sweden to Vote Nov. 13 on EU Entry

Reuters

STOCKHOLM — Sweden's political leaders announced Friday that they had agreed on Nov. 13 as the date for a referendum on joining the European Union.

Sweden negotiated membership terms with the 12-nation bloc this month but faces a general election on Sept. 18 with two parties still wavering on the question of EU membership.

It is due to join on Jan. 1, 1995, and the Rikstag, or parliament, is expected shortly to approve the deal worked out with Brussels.

Prime Minister Carl Bildt said he had hoped to hold the referendum in June, before the general election, but had bowed to the wishes of the opposition Social Democrats, who are ahead in opinion polls, and set a later date.

The Social Democrats have yet to decide whether to support membership and have decided to hold a party congress in June to decide their position.

The Social Democrat leader, Ingvar Carlsson, favors EU membership. It was under his government that Sweden submitted its application in 1991. However, not all party members support his views.

Another party yet to get off the fence is the Center Party, one of four in Bildt's minority center-right coalition. It plans to hold its congress in May.

Sweden's membership terms have yet to be approved by the European Parliament, the EU's assembly.

At present, the plan to admit Sweden, Finland, Norway and Austria has been stalled by a dispute among the 12 current members over voting rights.

For Russians, a New Breed of Swindlers

By Celestine Bohlen
New York Times Service

MOSCOW — With the economy in shambles and the legal system a joke, Russia has become a breeding ground for flimflam artists, post-communist swindlers who take advantage of people's confusion, desperation and what remains of their trust.

Scams have a long tradition in Russia. In "The Government Inspector," Gogol created an impostor who was able to make an entire provincial town believe he was someone he wasn't. And there was Ostap Bender, a literary character of the 1920s who bedazzled Soviet bureaucrats and other fools with schemes so elaborate they barely knew they had been robbed.

The new breed is short on charm, but their glib is staggering. Their scams range from the petty to the bold, from multimillion-dollar deals to run-of-the-mill embezzlement and fraud. There have been fake lotteries and phony investment schemes.

Fake companies have run ads selling nonexistent services. Employment services collect application fees for high-paying, but fictitious jobs. Real estate brokers terrorize owners into selling their apartments for next to nothing, and trick buyers into paying for apartments that are not for sale.

In a case recently described in the weekly newspaper Moscow News, a couple in their 20s ran advertisements in several major newspapers offering scarce medicine at cheap prices.

Listing themselves as the Commercial Department of the European Bank, itself a fiction, they asked customers to deliver cash to several Moscow postal boxes, and wait for the medicines to be delivered to their homes. In this way, an estimated 40,000 people,

many of them pensioners, lost 20 million rubles (about \$15,000 at the current exchange rate).

After this, the couple moved into the big time, setting up a company that sought orders from hospitals and pharmacies. They collected an additional 50 million rubles, some of which they spent to buy an office, two apartments and five cars.

According to the newspaper, they were caught only after they demanded more money from their old customers with a form letter citing the impact of inflation on medicine prices.

"It is an amazing thing, but Russians who don't believe in anything anymore — not in the government, not in politicians — are ready to believe an advertisement that promises to make them rich overnight," said Mikhail Berger, a journalist for the newspaper Izvestia who has investigated some of the scams.

He said a woman who had lost money to a company claiming to be American and promising to give her a 24 percent monthly return on her \$5,000 investment came into Izvestia's offices recently to report she had been swindled. Asked why she had been so trusting, she said, "But they had such nice offices, and a good address."

In the Communist era, bald-faced scams were rare. But the old underground economy turned out to be a training ground for a new breed of hucksters.

With prices jumping each month by about 20 percent there are good reasons why Russians are frantically searching for ways to protect their savings, if they have any.

The scramble is not only over rubles, but also over dollars, the currency of choice for Russia's new rich, and vouchers, the 146

million privatization coupons distributed to every Russian as their share of the national wealth.

Vouchers, which carried a value of 10,000 rubles when they were issued in October 1991, can be sold, used to buy shares at auctions of state companies, or entrusted to one of 657 registered investment funds, which vary widely in size and credibility.

Underregulated and oversubscribed, investment funds have proved to be a natural haven for Russia's swindlers. There were several notorious scandals in St. Petersburg last year, where an estimated 350,000 people gave their vouchers to companies promising cash and other bonuses. The bonuses never materialized and the companies disappeared.

It is not just individuals who are being duped. This month it was discovered that the director of one of the country's largest automobile plants, GAZ, in Nizhni Novgorod, had spent 46.5 billion rubles in state-issued credits to buy up the company's privatization vouchers through 15 different firms.

It was the most blatant case so far of a state manager manipulating the privatization process to keep control of his factory, in this case one that employs 109,000 workers.

Despite these celebrated cases, little has been done to tighten controls on the investment funds, several of which have amassed millions of shareholders who expect handsome first-year-end dividends sometime this spring.

The State Property Committee, which is charged with regulating the funds, cannot fine the funds; all it can do is to suspend or take away their licenses. As some experts point out, this would hardly be a punishment for a company that was already planning to skip town.

Paris Yields To Protests On Youth Wage Plan

Compiled by Our Staff From Dispatches

PARIS — The government retreated Friday on a plan to lower the minimum wage for young people as renewed protests erupted in the provinces, including a battle between rock-throwing students and riot policemen in Lyon.

The retreat came a day after violence erupted in a dozen French cities during demonstrations against the plan. Renewed protests occurred Friday in Lyon, Nancy, Mulhouse, Grenoble and Auch.

In Lyon, youths hurled rocks at policemen in front of city hall, smashed a bus stop and vandalized cars. The police replied with tear gas. One officer was hospitalized and six rioters arrested. No violence was reported elsewhere.

Labor Minister Michel Giraud announced in a radio interview Friday that he would open immediate consultations with unions and students to modify the proposal on lowering entry-level pay for youths in a bid to increase employment.

It marks still another cave-in by Prime Minister Edouard Balladur's conservative government in the face of determined protest. The government said Thursday that the plan would not be changed.

"This is about paying attention to the wages that have been expressed," Mr. Giraud said. "We can't let this situation get worse when we have 750,000 young people out of work."

He called a meeting for Monday with unions and student leaders. The proposal would reduce the entry-level minimum wage for recent graduates by 20 percent for a year if employers provided certain training. Critics say it amounts to a double standard that insults the young and will lower wage rates.

Mr. Giraud's compromise would pay youths 80 percent of the minimum wage for doing 80 percent of a normal day's work — meaning no change in hourly pay. The other 20 percent of work time would be spent in formal training.

The change would apply only to those with two years of post-high school education or training. The government, despite a record majority in parliament, has consistently withdrawn policies when confronted with major discontent — by Air France workers over layoffs, fishermen seeking price supports, and teachers and students against plans to give more public funds to private schools.

Mr. Balladur faces his first national popularity test after a year in office when French voters choose more than 2,000 councilors in elections on Sunday.

Often dominated by local issues, the two-round vote, with a second ballot the following Sunday, will determine who controls France's 95 departments, the administrative districts in charge of public services outside urban areas.

But analysts will be watching mainly how support for the center-right coalition, which swept to a landslide victory in parliamentary elections a year ago, has weathered a year of recession, rising unemployment and social conflict.

"These elections must be a way of supporting and showing confidence in those who are managing the affairs of state today," Culture Minister Jacques Toubon said. A vote of well over 40 percent for the coalition parties, the Gaullist Rally for the Republic and the center Union for French Democracy, would be a sign of public favor.

Likewise the opposition Socialists, which dropped to a mere 18 percent in general election last year, will need to win something near 25 percent to claim a serious revival.

(AP, Reuters)

WORLD BRIEFS

Bangkok Bomb Linked to N.Y. Blast

BANGKOK (AFP) — International terrorists who made a huge bomb found unexploded in Bangkok are believed to have ties to the group that bombed the World Trade Center in New York City last year, Bangkok's police chief said Friday.

The police chief, Lieutenant General Chaiyapichit Karochanakit, said the one-ton device, found Thursday in a large tank on the back of a truck, had been constructed with the same material and was of the same type as the device that damaged the New York trade tower.

The national police chief, Pratin Santiprapop, said that two members of the gang had been identified and that they had been renting a house here. He did not give their names, and said the police were unsure if they, still were in Bangkok. Deputy Prime Minister Banayut Bhandudhan said the police had been ordered to tighten security around foreign embassies.

Touvier Defense Asks Lighter Charge

VERSAILLES, France (Reuters) — A lawyer defending Paul Touvier, the Nazi collaborator, asked the court on Friday to lighten the charge against him. Mr. Touvier is accused of crimes against humanity for ordering seven Jews executed in 1944.

On the second day of the trial, the lawyer, Jacques Tremollet de Villers, said the charge against Mr. Touvier must be reduced under a new penal code that took effect earlier this month. He said the new code stipulates that a person must commit summary executions on a "massive and systematic" scale to be charged with crimes against humanity. Under the previous code, premeditated murder was sufficient, he said.

He also said the new code allowed extenuating circumstances to be applied to the case because Mr. Touvier claims he acted under orders. Such circumstances were not permitted before the code took effect. Mr. Touvier, who was seated in a bulletproof glass box, is charged with the execution of the seven Jews in June 1944 when he was intelligence chief of the French militia in occupied Lyon.

Iranian Plane Crashes in Caucasus

MOSCOW (Reuters) — An Iranian transport plane crashed in the war-torn Caucasus enclave of Nagorno-Karabakh, killing all 32 people on board, and military experts said on Friday it could have been shot down. The C-130 Hercules was taking relatives of Iranian Embassy staff, mostly women and children, home from Moscow for New Year celebrations in Iran. The Russian Civil Defense Ministry said it lost altitude after the cockpit became depressurized. According to the embassy, the aircraft was carrying 19 passengers, including 9 children, and a crew of 13.

Russia's far-East news agency quoted military experts as saying the plane, which crashed just north of Stepanakert on Thursday night after straying off course, "could well have been shot down by a mobile anti-aircraft missile system." But a later Tass story quoted unidentified sources as saying it was unlikely the plane had been shot down.

Mexican Rebels Harden Peace Terms

MEXICO CITY (NYT) — Disputing the government's optimism about the prospects for a quick end to the peasant uprising in southern Mexico, the military commander of the insurgents says they will refuse to lay down their arms until at least after a new president is elected in August.

In an interview at a rebel-held village in the Lacandon rain forest, the guerrilla leader known as Commander Marcos suggested strongly that his Zapatista National Liberation Army would reject any agreement offered by the government this month. He said that while rebel leaders were still evaluating the offer, many of them viewed the government's promises of political changes, land reform and new social programs in the southern state of Chiapas as unacceptably vague.

And though the draft agreement will still be presented for a vote by peasant communities that support the Zapatistas, Commander Marcos said the insurgents would condition any new talks with the government on changes in Mexican law to assure a more democratic political system. But even so, it appeared from statements by both rebel and government officials that the promise of the draft peace agreement was slipping from President Carlos Salinas de Gortari's grasp. "What is clear is that this is going to take a very long time yet," Commander Marcos said.

Bosporus Reopens After Tanker Fire

ISTANBUL (AP) — The Bosporus reopened to traffic on Friday after the crude oil aboard a stricken tanker stopped burning, five days after the vessel collided in the strait with a freighter.

About 200 vessels have been waiting at both sides of the waterway to get through. The Bosporus links Istanbul's European and Asian coasts and is a major shipping route.

The accident occurred Sunday after the freighter Ship Broker, which was sailing empty toward the Black Sea, collided with the oil tanker Nassia, which was carrying 51,000 metric tons of crude oil from Russia to Italy. Both were registered as Greek Cypriot vessels. Eighteen crew members were killed and 11 are missing.

For the Record

Five people were killed and five were wounded in various incidents of related to the Kurdish conflict in southeast Turkey, according to Turkish security officials. The dead included two members of the Kurdistan Workers Party.

(Reuters)

TRAVEL UPDATE

Scandinavian Airlines System said it will expand its flights connecting Copenhagen to Berlin and Vienna to two a day from one and will begin service to Saint Petersburg, Tallinn, Estonia; Vilnius, Lithuania; and Thessaloniki, Greece, beginning March 27. SAS will also begin three weekly flights to Reykjavik, and increase its flights to Dublin and Tel Aviv.

Three of Moscow's four airports were closed by snow on Friday, with only the domestic airport, Domodedovo, remaining open.

Finnair will increase flights abroad by 7 percent this year, to meet growing demand. New routes include three weekly flights from Helsinki to Vilnius, Lithuania, and five flights a week to Manchester, England, via Stockholm.

Air Pacific, Fiji's flag carrier, has contracts to bring German vacationers to Fiji on its new service from Los Angeles starting in July.

(AP)

2 Kenyan Journalists Held for Subversion

The Associated Press

NAIROBI — Two Kenyan journalists have been charged with subversion and ordered held without bail for reporting that nine people were killed in an ethnic clash. The charge carries a maximum penalty of three years in prison.

In their report in The Standard, a Nairobi daily, Ngũgũ wa Kuria and Peter Makeni said that nine people died and hundreds were displaced in ethnic clashes at Molo, in the Rift Valley about 170 kilometers (100 miles) northwest of here. The government denies the story and claims it was intended to cause security problems at Molo.

Mr. Chernomyrdin, who in the past has been criticized by Western economists and Russian opposition leaders as an obstacle to economic reform, has in recent weeks been seeking to persuade the IMF and Western governments of his reformist credentials.

Russia and IMF Discuss Terms for Loan

By Alan Friedman
International Herald Tribune

The International Monetary Fund and the Russian government plan to work through the weekend to seek an agreement on the size of Russia's 1994 budget deficit, and thus pave the way for the release of a long-delayed \$1.5 billion loan, an IMF official said Friday.

The technical-level talks follow an initial 90-minute meeting on Friday between Michel Camdessus, the IMF's managing director, and Viktor S. Chernomyrdin, the Russian prime minister. Mr. Camdessus indicated at the meeting that the IMF was "inclined to delay" granting the \$1.5 billion credit until it had been able to

examine budget projections in more detail, Valeri Grishin, a Russian government spokesman, told the Itar-Tass news agency.

An IMF official said that the technical talks "could result in a change within two days." He said Mr. Camdessus and the Russian prime minister left Moscow later Friday for a hunting trip "where they can talk one-on-one, and not just about the \$1.5 billion loan" but also about broader Russian economic and political issues.

Mr. Camdessus on Thursday began a five-day visit to Moscow that his aides described as an attempt "to make his own judgment" about the scope for releasing the special loan.

The special loan, the second tranche of a \$3 billion facility that was part of a promised Western aid package, has been delayed since

last autumn because of IMF concern about Russia's budget deficit and inflation figures.

Mr. Grishin said Friday that the IMF delegation was particularly worried about statements by Vladimir V. Zhirinovskiy, the ultranationalist politician, that the draft Russian budget "inflated receipts and minimized expenditures." Meanwhile, Mikhail Zadornov, chairman of the Russian parliament's budget committee, claimed the government had already included the IMF loan in its draft 1994 budget.

Mr. Chernomyrdin, who in the past has been criticized by Western economists and Russian opposition leaders as an obstacle to economic reform, has in recent weeks been seeking to persuade the IMF and Western governments of his reformist credentials.

Akihito Will Visit U.S. For Two Weeks in June

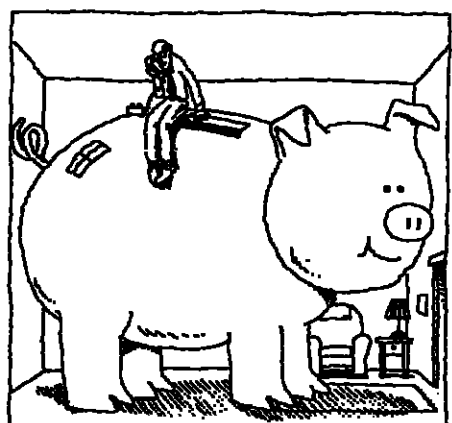
The Associated Press

TOKYO — Emperor Akihito and Empress Michiko of Japan will visit 10 cities in the United States in a two-week trip beginning June 10, the government announced Friday. The trip is Akihito's first to the United States since becoming emperor upon the death of his father,

Hirohito, in 1989. A Foreign Ministry spokesman declined to comment on reports that Akihito will visit Pearl Harbor during his last stop in Honolulu. The other stops, in order, are Atlanta; Charleston, South Carolina; Washington; New York; St. Louis; Boulder, Colorado; Denver; Los Angeles; and San Francisco.

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THE AMERICAS / 'PRETTY STEAMED'

★POLITICAL NOTES★

Clinton's Turning the Page, Gergen Says

WASHINGTON — The presidential counselor David R. Gergen expressed serious concern that the continuing Whitewater real estate affair could undermine President Bill Clinton's ability to carry out his domestic agenda, including health care reform.

But he said a new White House strategy emphasizing full disclosure had finally enabled the White House to turn "a significant page" in its efforts to keep the inquiry into the failed Arkansas land deal from shifting the focus away from health care and other issues.

For months, the Clintons had turned aside many questions about Whitewater — a failed real estate development in which they invested — declaring they had done nothing wrong and did not need to discuss the matter. More recently, under pressure from Republicans and jarred by repeated news media disclosures, the president has shifted his approach.

He has supported the appointment of a special counsel to investigate the affair, endorsed a White House memorandum forbidding unauthorized contacts between officials and regulators looking into a defunct Arkansas savings and loan owned by the Clintons' partner in the Whitewater project and promised full cooperation with the special counsel and any congressional hearings that may be held.

Mr. Gergen emphasized the need for the White House to be open about the venture. But at the same time he said the White House had been trying to combat "an element of Clinton haters out there who have been trying to stir up things and make trouble for a very long period of time."

House Bars Balanced-Budget Measure

WASHINGTON — The House has rejected a proposed constitutional amendment to require a balanced federal budget after the turn of the century.

Supporters fell 12 votes short of the two-thirds majority required for a constitutional amendment; the final tally was 271 to 153. Only one Republican, Benjamin A. Gilman of New York, voted against it, along with 151 Democrats and the House's only independent, Representative Bernard Sanders of Vermont. Ninety-nine Democrats and 172 Republicans voted for it.

The vote was more than the academic exercise it might have seemed after the measure was defeated in the Senate on March 1. In fact, it was seriously contested in hopes of gaining momentum for the next battle, when the issue comes up again in a year or two.

That was particularly important because both sides expect the vote in the Senate the next time to come out better for supporters, who fell four votes short this time after an energetic effort against it by the Senate majority leader, George J. Mitchell of Maine. He has announced his retirement at the end of this session, and most of his potential successors support the balanced-budget amendment.

Under the amendment the House voted on, federal outlays could not exceed receipts in any fiscal year unless three-fifths majorities of the membership in both houses voted for a specific deficit. Similar majorities would be required to increase the national debt. (NYT)

Senate Gets '3 Strikes' Crime Package

WASHINGTON — The House Judiciary Committee sent a package of anti-crime legislation to a floor vote next week, including a bill that would impose life imprisonment for offenders convicted of three violent crimes.

The committee endorsed its version of the "three strikes and you're out" measure, 27 to 8, with opposition coming only from liberal Democrats who argued against mandatory sentencing. The panel's version, which largely followed administration recommendations, would affect fewer violent criminals than language the Senate passed last November as part of an omnibus crime bill. (WFP)

Quote/Unquote

George Stephanopoulos, White House adviser, after receiving a subpoena from the Whitewater special counsel to appear before a grand jury looking into the case: "I welcome the opportunity to give Mr. Fiske the facts." (LAT)

Reagan Accuses Candidate North of Iran-Contra Lies

By Kent Jenkins Jr. and Michael D. Shear
Washington Post Service

WASHINGTON — Ronald Reagan has accused Oliver L. North, who is running for a U.S. Senate seat in Virginia, of lying about the former president's actions in the Iran-contra affair, saying in a letter that he was "getting pretty steamed" about "false statements that one candidate continues to make."

In the six-paragraph letter, which comes only days before a significant number of delegates will register for the party's summer nominating convention, Mr. Reagan acknowledged that he was violating his own rule against intervening in Republican Party battles.

But as he rose from breezy friendliness to understated anger, the former president accused Mr. North,

who served on Mr. Reagan's national security staff, of lying about the facts.

"I never instructed him or anyone in my administration to mislead Congress on Iran-contra matters or anything else," Mr. Reagan wrote. "And, I certainly did not know anything about the Iran-contra diversion."

He added, "And, the private meetings he said he had with me just didn't happen."

The letter, which was solicited by Paul Laxalt, a former U.S. senator from Nevada, was made public by Mr. North's Republican Party opponent, James C. Miller 3d, a former budget director in Reagan administration.

Mr. Miller offered no comment on Mr. Reagan's entrance into one of the most watched Senate campaigns in the country. But the letter quickly flushed

out Mr. North, who derided the effort to involve his former boss as "Washington insider politics at its very worst."

Mr. North accused opponents of a "blatant and intentional misrepresentation about things I have said and written."

He announced that he had faxed his own letter to Mr. Reagan in Los Angeles. His response noted that Mr. Reagan was "not taking sides" in the primary but politely corrected the former president.

"You have been seriously and intentionally misinformed about what I have said about my service on your National Security Council staff," Mr. North wrote. "It appears that my opponents have intentionally taken out of context and misused my words."

He said this was designed "to salvage a floundering political campaign against me."

He added, however:

"It is a matter of record that I was in many meetings with you in the Oval Office, the White House situation room, the Roosevelt and cabinet rooms and other places in the White House as well."

Mr. North's letter also mentioned the five and a half years in which he served the administration "loyally and faithfully" and how "my life and the safety of my wife and four children were threatened by the world's most brutal assassin, Abu Nidal."

Despite Mr. Miller's silence, prominent North opponents were jubilant.

They had worked for months to draw Mr. Reagan into the race, and analysts said that the former president's accusations could be the most serious blow so far to Mr. North's high-profile, high-dollar senatorial campaign.

Don't Appear Too Partisan on Whitewater, Republican Urges

By Helen Dewar and Ann Devroy
Washington Post Service

WASHINGTON — A leading Republican cautioned his party on Friday against too strong a show of partisanship in the coming Senate hearings on the Whitewater affair.

The call for prudence came from Senator John S. McCain 3d, Republican of Arizona, following the Senate's unanimous vote on a resolution to look into the financial dealings of President Bill Clinton

and his wife when Mr. Clinton was governor of Arkansas.

"Politics is clearly a blood sport here in Washington," Mr. McCain said. "But at the same time, the Republicans have got to be careful in the course of these hearings that they don't appear too partisan, that they are trying to get at the facts and treat this issue fairly. Otherwise, it could rebound to the benefit, frankly, of the Democrats. So the Republicans have got to be very careful in their handling of this issue."

The vote resulted from a compromise that promised an "appropriate timetable, procedures and forum" for hearings but left unresolved the sensitive issue of when they should be held.

The agreement, ratified by the Senate, 98 to 0, after hours of negotiations, came as two more White House officials appeared before a federal grand jury reviewing Clinton administration contacts on Whitewater.

In the Senate, leaders of both parties claimed they got what they

wanted from the deal on hearings. Bob Dole of Kansas, the leader of the Senate's minority Republicans, got his request for joint leadership over Republican demands for hearings, said they should cover "all aspects" of Whitewater, while George J. Mitchell of Maine, leader of the Democratic majority, succeeded in forestalling any immediate deadlines for holding them.

If the talks do not result in agreement on a plan for hearings, Mr. Dole said, "we'll be back on the floor" for further directions. Mr. Dole said he hoped his talks with

Mr. Mitchell could begin next week.

The agreement, which followed protracted and bitter wrangling over Republican demands for hearings, said they should cover "all matters" related to the controversy that has come to be known as Whitewater, including the Arkansas land-development corporation by that name that was half-owned by Mr. Clinton and Hillary Rodham Clinton in 1978.

To overcome objections from Robert B. Fiske Jr., the special

Clintons Rush to Repaint Emerging Picture of Unpaid Taxes

By John M. Broder
Los Angeles Times Service

WASHINGTON — As indications grow that the Clintons may have underpaid their income taxes for 15 years, the White House has begun a concerted effort to cushion the political impact of a new finding of possible financial violations.

The Clintons, along with senior aides, are conceding in public and in private that tax complications and mistakes are not uncommon in complex business affairs and should not be taken as serious ethical lapses, if that proves to be one of the Whitewater investigation's findings about the first couple.

Hillary Rodham Clinton, in a series of preemptive acknowledgments over the last several days, has said that she and Bill Clinton may have claimed Whitewater-related income tax deductions to which they were not entitled.

She said that, as new information about the poorly documented Whitewater real-estate project was uncovered, it might divulge previously unknown tax liabilities.

sure and playing down the tax issue now will help when the special counsel in the Whitewater case, Robert B. Fiske Jr., issues his report or if news organizations publish evidence of financial impropriety.

White House aides say they fear that new disclosures about the Clintons' finances will feed a public perception that the administration suffers from a pattern of ethics violations and that the Clintons are untrustworthy.

Other recent presidents, includ-

ing Richard Nixon, Jimmy Carter and George Bush, were criticized over problems with taxes and private investments. Former Vice President Spiro Agnew was driven from office after pleading no contest to a federal charge of income tax evasion.

Although such revelations have not been fatal to a presidency, they tend to reinforce the existing perceptions of the character of the office-holder, some political analysts say.

The Money magazine study,

conducted by a Los Angeles tax attorney and a former IRS tax audit group manager, Mary L. Sproule, found that the Clintons committed three "glaring mistakes" in the preparation of their taxes in the 1980s and early 1990s.

They kept inadequate records, they overestimated the value of many of their deductions and they relied too much on their tax prepar-

The magazine also reviewed Whitewater deductions for 1978 and 1979.

Away From Politics

- Five astronauts returned to Earth aboard the space shuttle Columbia, safely landing in Florida after a two-week science and technology research mission.
- The president of Cornell University, Frank H.T. Rhodes, 67, said he would retire at the end of the next academic year.
- The worst flu season in four years is ending in the United States, with just three states and

the District of Columbia still citing high rates of the illness, federal health officials said in Atlanta.

• A 71-year-old man from Simi Valley, California, has died of valley fever, a respiratory illness that is contracted by breathing spores that grow in soil and may have been forced into the air by the Jan. 17 earthquake, health officials said.

• The New York State Court of Appeals unanimously outlawed the practice of charging advance fees that cannot be refunded no

matter how little work a lawyer performs for a client. The finding may affect the billing practices of many of the nation's lawyers.

• Albert Einstein College in New York has agreed to pay \$900,000 to end a sex discrimination lawsuit filed by a former researcher. The settlement ends seven years of legal battles that began when Heidi S. Weissmann filed suit alleging that she had been wrongly discharged after being denied equal pay, promotions, raises and a sabbatical because she was a woman.

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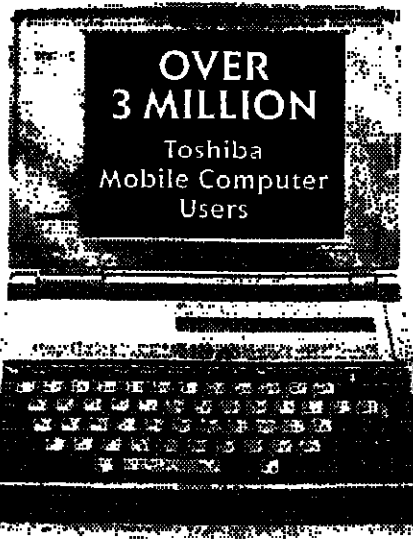
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In Touch with Tomorrow
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Zulu Calls for Sovereign State

King Maintains His Call for Election Boycott

By Paul Taylor

Washington Post Service

ULUNDI, South Africa — King Goodwill Zwelithini of the Zulus told thousands of Zulu warriors here Friday that his 8 million subjects should assert the sovereignty of a separate Zulu nation by boycotting South Africa's first democratic election next month.

Nelson Mandela's absence because of security concerns and the king's secessionist rumblings have cast a pall over the prospects for a fair election in the black homeland of KwaZulu, already the site of the country's worst political violence.

"South Africa's other election spoliars have pretty much been neutralized, but the Zulu problem could derail the process," said Robert Schrire, a political scientist. "The tragedy is that it's a problem with no real resolution."

Unlike Bophuthatswana, where the anti-election homestead leader Lucas Mangope was deposed, the royal and political leadership of KwaZulu is supported by a resilient, village-based social structure built around tribal custom, traditional leaders, government patronage and a warrior culture.

As he spoke, thousands of impi, armed Zulu warriors, did war dances with spears, shields, guns, rifles and AK-47s in the same emerald green valley where their ancestors danced a century ago, when the Zulus became famous for inflicting a defeat on the British in 1879. (British troops regrouped six months later and used cannon to mow down Zulu resistance.)

Today's Zulus are the largest tribe in South Africa, and they have a history of mistrust and disdain for the second largest tribe, the Xhosa, from which the ranks of most of the top leadership African National Congress, including Mr. Mandela, are drawn.

Surveys show that most Zulus want to take part in the election and remain part of South Africa — and vote for Mr. Mandela. But a significant minority, older, more rural and tradition-bound, is responsive to the call of ethnic nationalism, especially from their king.

The king's argument is that the Zulus are sovereign because they were never defeated in battle since they have no defense force. But its impact could well survive indefinitely with a guerrilla destabilization campaign from the villages in the rolling hills of KwaZulu, where heavy armor cannot penetrate.

"If they roll the tanks into Ulundi, we wouldn't even engage in a set-piece battle like that," said Phillip Powell, a former South African policeman and current KwaZulu member of parliament, who has trained 5,000 impi in self-defense over the last six months.

"But believe me, if they did that, the guerrilla resistance would grow tenfold," he said. "I have a deep sense of foreboding."

cape the shadow of his domineering uncle, Chief Mangosuthu Buthelezi, who is chief minister and police minister of KwaZulu, traditional prime minister to the king and president of the Inkatha Freedom Party.

In the 1970s, Chief Buthelezi — the more sophisticated, educated, and worldly man — froze the king's salary and muzzled him when the king showed inklings of political independence.

In the context of today's crisis, Chief Buthelezi is a federalist and the king an ethnic nationalist. Chief Buthelezi's failure over two years of negotiations with the ANC and government to get a constitution with more regional powers has led him to "unleash the king" and "play the ethnic card," in the words of one Buthelezi adviser.

South African authorities are likely soon to have to face up to the same question they confronted in Bophuthatswana: Should they move troops into KwaZulu to assure free political activity?

KwaZulu has no power to repel a conventional battle like that, but it has no defense force. But its impact could well survive indefinitely with a guerrilla destabilization campaign from the villages in the rolling hills of KwaZulu, where heavy armor cannot penetrate.

"If they roll the tanks into Ulundi, we wouldn't even engage in a set-piece battle like that," said Phillip Powell, a former South African policeman and current KwaZulu member of parliament, who has trained 5,000 impi in self-defense over the last six months.

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Deputy Defense Minister Andrei Kokoshin, left, with Defense Secretary William J. Perry in Moscow on Friday. Washington pledged \$20 million to convert Russian arms makers to civilian output.

PERRY: New U.S. Line on Russia

Continued from Page 1

ventures here. "This will be done in partnership with American industry, so it's good for American business as well," said Ashton Carter, assistant secretary of defense. "So everyone wins in this scheme."

Mr. Perry's negotiations showed the difficulty of making policy at a time of growing nationalism in Russia and growing skepticism in the United States.

Eager to soothe wounded superpower egos here, Mr. Perry praised Russia's peacekeeping role in Bosnia and stressed that, as a big country, Russia should be expected to play a big role in the NATO partnership program. But wary of offending East Europe or its protectors in Washington, he and his team added that no "special status" for Russia was being considered.

Similarly, Mr. Perry spoke out for closer American ties with Poland and Ukraine, but added that such ties were not intended as a buffer against Russia.

Such rhetoric, and the decision to channel American aid through American companies, is understandable given growing doubts in Congress about sending money to Russia when Moscow seems increasingly truculent and uncooperative.

But both the rhetoric and the aid

flow bolster those here who say that aid is intended only to weaken Russia while enriching American capitalists. Many here say they believe, for example, that Washington is helping finance the democratization of the former Soviet Union to enhance America's status as the sole superpower.

Such attitudes were exemplified by Vladimir Lukin, former Russian ambassador to Washington, this week when he likened the NATO partnership program to a "rape" of Russia. But Mr. Lukin, generally considered a centrist, is far from alone. A recent article in the *Nezavisimaya Gazeta*, suggested that Washington was intent on "methodically ousting Russia" from Central Asia and the Caucasus.

Mr. Perry, who also met with a group of Russian legislators, acknowledged that although some were positive about the relationship, others were highly skeptical.

"The skepticism, it seemed to me, was like some of the skepticism we hear from critics in the U.S.," Mr. Perry said.

He added that he delivered the same message to skeptics in both countries: "It's not that we are doing favors for Russia or that Russia is doing favors for us. We are undertaking joint programs which we believe are in our mutual interest."

He added: "Critics don't seem to believe that it's possible to do things that are mutually beneficial. They look at it as zero-sum, that if it's beneficial to one country it must be harmful to the other."

Mr. Perry rejected such criticism as vintage Cold War thinking.

American officials say they hope the new rhetoric of "pragmatic partnership" can persuade Congress to keep approving American aid for Russia for what Mr. Perry called "the advancement of United States national security interests."

At the same time, American officials say they hope to reach out to "moderate nationalists" in Russia who understand that Moscow can no longer be seen to be blindly following Washington but who also know that Russia cannot succeed without Western aid.

Foreign Minister Andrei V. Kozyrev, an early proponent of close ties who has recently renounced himself into a pragmatic nationalist, recently said: "There is no reasonable alternative to partnership if we really want to create a democratic Russian state."

Like Mr. Perry, Mr. Kozyrev saw parallels in the opposition in both countries.

"Only reactionary forces in the military-industrial complex and the bureaucracy of both countries would like to thwart our partnership," he wrote recently in *Izvestia*.

GUNS: Police Implicated

Continued from Page 1

said, "an investigation afterwards would be a futile exercise."

Nelson Mandela, the ANC leader, has long alleged that security forces were secretly backed by Inkatha, the Zulu-based political party headed by Chief Mangosuthu Buthelezi, in an attempt to prolong white rule.

A 1991 scandal revealed the government had secretly funneled money to Inkatha.

Inkatha is boycotting the April 26-28 election and has recently been threatening to fight to defend a sovereign Zulu kingdom in its stronghold of Natal. It says it does not want to be dominated by a future ANC-led central government.

The report, based on testimony of former policemen, said that an investigation begun in February had turned up evidence that members of a former police unit were involved in smuggling guns to Inkatha and were involved in instigating violence, including massacres on trains.

The commission said it obtained evidence of a secret police unit, now disbanded, that was commanded by a Colonel Eugene de Kock. The unit was named *Vlakplaas*, apparently after a farm where it allegedly operated.

The report said the evidence indicated that senior police officials were aware of the unit's activities. There officials included, it said, the No. 2 officer, Lieutenant General Basie Smits; the police force's intelligence chief, Major General R. Prinsloo; and another senior officer, Lieutenant General Johan LeRoux. (AP, Reuters, AFP)

CHINA: Washington Is Studying Ways to Limit the Impact of Sanctions

Continued from Page 1

campaign speeches accusing President George Bush of coddling China, but it would fall short of the full revocation of China's status threatened by Mr. Clinton last year.

Administration officials have been trying to demonstrate that Secretary of State Warren M. Christopher did not back down on human rights during his ill-starred visit to Beijing last weekend.

"I pulled no punches and I yielded no ground" in talks with Chinese leaders, Mr. Christopher told a House Appropriations subcommittee Thursday. He said the Chinese, who had been getting "mixed signals" about the administration's commitment, now understand that their trade status is in jeopardy.

Mr. Christopher is to report to Mr. Clinton by the end of May whether China has made "significant overall progress" in the last year on seven specific rights issues.

If his report is negative, Mr. Clinton has said he would not extend China's status, which allows Chinese goods to enter the United States on an equal footing with

goods from other friendly nations. Revocation would subject Chinese-made products to stiff tariff duties, jeopardizing one of the fastest-growing markets for U.S. trade. Mr. Christopher said China would be ill-advised to call the Clinton administration's bluff.

"It's going to hurt their economy," he said. "We take 38 percent of their exports. They have over a \$20 billion surplus with us. So it would have a significant impact on China. Everyone talks about the impact on the United States if we have to revoke MFN. No one seems to realize that it's going to have an impact on China."

Much of the U.S. business community and some business-oriented officials in the administration, especially at the Commerce Department, oppose the linkage of trade and human rights. But Mr. Christopher and other officials said they were confident that they had the support of Congress — and that the Chinese now understood that. He and other officials said the Chinese leaders also understood that they have strategic and political reasons, as well as economic ones, for maintain-

ing good relations with the United States.

With the deadline looming, U.S. policy may look like dangerous brinkmanship, one senior official said, but there is no alternative because "the only way you get anything out of the Chinese is to be tough with them."

Administration officials have labored all week to overcome what they saw as excessively negative press coverage of the Beijing visit. Several senior officials said Mr. Christopher had spoken bluntly to the Chinese and made more progress in the talks than the Chinese have admitted publicly.

In his May 28 executive order making renewal of China's trade privileges conditional upon rights progress, Mr. Clinton listed seven specific areas of concern. Mr. Christopher said Thursday that China had made some progress on the only two of the seven that are "mandatory" — allowing freer immigration and compliance with a China-U.S. agreement banning the export of goods made by prison labor.

On those points, "compliance

seems to be feasible," Mr. Christopher said in a telephone interview.

The other five conditions, including an end to jamming of U.S. television broadcasts and release of political prisoners, are matters of judgment, Mr. Christopher said. But he said making this distinction was merely "descriptive" of the president's executive order and should not be read as a signal of a softened position on the five issues.

In the interview, Mr. Christopher rejected the notion heard among many critics of the China policy that the administration now regretted drawing the human rights line in the sand and was looking for a way out.

"It's exactly the marker we intended to draw," he said. The language requiring "overall significant progress" was deliberately imprecise, he said, because "you can't artificially calculate this."

The language was adopted after consultation with Congress, he said, and Congress will have to be satisfied with the compliance before China's status can be extended.

He and other officials have rejected criticism that the language is so vague China cannot know what is required. During his visit, Mr. Christopher said, he told the Chinese exactly what is required under each of Mr. Clinton's seven points.

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APEC: Bentsen Will Deliver Clinton's 'Go West' Message to Asia Forum

Continued from Page 1

mobilize American business capital to fully exploit the opportunities of the Asia Pacific region is still an open question, but the administration has certainly put its mouth where it wants its money to be.

"People, especially in Europe, think we are an Atlantic nation," Mr. Bentsen said. "We are also a Pacific nation. We do more trade across the Pacific than the Atlantic."

Whether the Clinton team can

Our largest state is on the Pacific, isn't it?"

Nationally, Mr. Bentsen added, 60 percent of America's exports — \$270 billion worth of products — now go to the 17 Asia Pacific nations whose finance ministers will be represented in Hawaii.

"Asia is a continent that economically could be larger than Europe and the United States combined within the next 50 years," Mr. Bentsen said, warning to the subject. "By the year 2000, even leaving Japan out, some 75 million Asian households will have incomes comparable to middle-income Americans. We are talking about economies that make up half of the world's output, but the finance ministers of these economies have never met all together in one room."

Administration officials plan to use this meeting specifically to discuss how Asia-Pacific countries can most efficiently raise foreign capital for their development projects — something that the United States wants to make sure it is financing from the ground floor.

To keep growth up, there has to be financing behind it," Mr. Bentsen said. "The Asians have high savings rates. I assure them. I am envious of them. But they are not that high to pay for a Century Freeway every week. Corporate retained earnings won't do it. Borrowing at the local bank won't do it. They need outside capital."

The secretary pointed out that multilateral development banks, like the World Bank and the Asian Development Bank, have been a major source of capital for developing countries in this region. But both are now short of funds, and the United States has not been replenishing them as it has in the past, because of recent budget cuts. The administration is trying to get Congress to free some funds.

"In these budget-busting times, I've heard people question why do we give money to those banks," said Mr. Bentsen. "Let me put it this way: When you have satisfied the American market for 747s, you have to sell them somewhere else. Those developing countries are the ones that need airplanes, and they are turning out to be pretty good customers."

Indian Forces Kill 8 After Guerrilla Ambush

SRINAGAR, India — Indian military forces shot to death at least eight civilians and wounded 10 on Friday after being ambushed by militants in Kashmir, witnesses said.

The guerrillas fighting for independence from India ambushed a convoy of members of India's Border Security Force and army soldiers, killing one soldier and injuring four before escaping, police said. The soldiers then opened fire on nearby homes and pedestrians in Anantnag, a town 45 kilometers (30 miles) south of Srinagar where the rebel attack had occurred, the witnesses said. The police said 8 were killed and 10 injured by Indian forces.

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Hosokawa's China Visit Will Skim Over Rights

By David E. Sanger
New York Times Service

TOKYO — In an vivid illustration of the Clinton administration's isolation in its tough policy toward China, Japanese officials said Friday that Prime Minister Morihiro Hosokawa will make only passing and vague references to China's treatment of dissidents when he meets with leaders in Beijing this weekend.

Mr. Hosokawa's visit, his first as Japan's leader, seems certain to be a sharp contrast to Secretary of State Warren M. Christopher's tense confrontation in Beijing last week. It will enable the Chinese to demonstrate that only Washington is threatening to link progress on human rights issues to its economic relationship with Beijing.

The visit also will serve as a reminder that denying preferential trade benefits to China would only serve to help Japan, which last year became China's biggest trading partner, ahead of Hong Kong and the United States. Japanese officials are loath to join the critics of Mr. Christopher's mission in public, for fear of worsening its already-strained relationship with the Clinton administration. But in private, they have expressed bafflement at Mr. Christopher's approach, saying that only American businesses would lose by trying to use economic levers to change Chinese behavior. European leaders are also rushing to China to strike business deals.

In five years, Japan's two-way trade with China has nearly doubled, to \$36 billion.

For years Japan had maintained that it prefers to deal with Chinese human rights issues in what they call a "more Asian way," rarely criticizing the Chinese leadership in public, and exerting gentle pressure in private. Critics of the Japanese approach say that argument is a smokescreen, and in the race to increase Japanese trade and investment in China, virtually no pressure is being applied at all.

Japan is by far the largest provider of foreign aid to China, providing more than \$1 billion in grants and loans to Beijing in 1992 for projects ranging from dams to fertilizer plants to the new subway in Beijing. Japan's direct investment in factories and other facilities in China is now soaring, after years of hesitation by Japanese business.

In the five months from April to September last year, Japan invested more in China, \$695 million, than it did in all of 1991.

"We have invested as much as we can in the United States," a senior Japanese industrialist said recently. "We're overinvested there. The growth for us is in China, Indonesia and Vietnam, and everyone has now realized it."

The difference between Mr. Hosokawa's approach and Mr. Christopher's was crystallized Friday when a senior Japanese official involved in planning the trip to China described the prime minister's agenda with Li Peng, the Chinese prime minister. He never once mentioned human rights issues.

When the subject was raised by American reporters, the official, who insisted on anonymity, said that "human rights is a common value in the world, and we share that value."

Preparing for the trip, the Foreign Ministry has suggested to Mr. Hosokawa that he not raise any specific cases of dissidents being kept in detention or under house arrest. More dissidents were reportedly arrested Friday, including some protesting about Japan's treatment of Chinese prisoners during World War II.

Japanese press reports said several of the arrests took place in front of the Japanese Embassy in Beijing, including two people who were delivering open letters to Mr. Hosokawa. War compensation has been a persistent issue between the two countries.

For Mr. Hosokawa, two issues will take precedence in the meeting with Chinese leaders: North Korea's nuclear-weapons project, and Japanese concerns about the pace of China's military buildup.

Mr. Hosokawa will reportedly ask China to step up its efforts to get North Korea to permit international inspections of its nuclear facilities. But both Tokyo and Beijing, for different reasons, have warned against imposing sanctions against Pyongyang by the United Nations Security Council.

The issue may reach a head next week, after the International Atomic Energy Agency meets Monday to decide how to respond to the North's refusal to permit inspectors to take radioactive samples from its nuclear installations earlier this month.

Japanese officials said Mr. Hosokawa would also ask for more "transparency" in China's military plans, to ease fears in the region that it wants to build a blue-water navy or expand its military reach.

Tokyo Chief in Trouble In Diet (and in Poll)

Reuters

TOKYO — Prime Minister Morihiro Hosokawa of Japan sank deeper into trouble on Friday with a deadlock in the Diet, or parliament, entering a second week, his own ruling coalition mired in quarrels and with no progress in defusing a trade dispute with the United States.

Mr. Hosokawa's plight was illustrated by a new opinion poll showing support for the government falling 8.9 percentage points in one month, to 49.7 percent.

Jiji news agency said the main reason cited by respondents for their growing disapproval was a loss of confidence in the prime minister's leadership ability.

"We are aware that a cold north wind is blowing against our government," said Mr. Hosokawa's spokesman.

The opposition, an alliance between the conservative Liberal Democratic Party and the Communists, refused again Friday to begin parliamentary debate on the state budget without more data from Mr. Hosokawa on a shady loan affair. Normally, the budget for the fiscal year beginning April 1 is passed by the Lower House by the end of March.

Mr. Hosokawa has come under attack for a 100 million yen (\$943,000) loan he received from Sagawa Kyubin, a trucking concern at the heart of the scandal that toppled the Liberal Democrats from power last year.

Solarz Out, Wisner In As Envoy To India

By Todd S. Purdum
New York Times Service

WASHINGTON — After months of delay and conflicting reports, the White House has told Stephen J. Solarz that President Bill Clinton will not nominate him as ambassador to India, and Mr. Solarz has withdrawn his name.

Senior administration officials said the president now intended to nominate Frank G. Wisner, the undersecretary of defense for policy and a senior career diplomat, for the post in New Delhi, which has been empty for a year.

Mr. Wisner has been the ambassador to Egypt and to the Philippines.

The long delay in filling the ambassadorial post has strained relations with India.

Officials said there was a plan for Surobo Talbot, the deputy secretary of state, to go to New Delhi soon to affirm U.S. interest in good relations.

Just seven weeks ago, a Justice Department inquiry into whether Mr. Solarz, a former Democratic representative from New York, took a bribe to help obtain a visa for a Hong Kong businessman who turned out to have a criminal record, ended without charges.

The inquiry had tied up Mr. Solarz's appointment for months, and top administration aides said after it ended that his nomination would then go forward.

But in a telephone interview on Thursday, Mr. Solarz said that in recent days senior administration officials, including Vice President Al Gore, had made it clear that the investigation had left a cloud over his nomination, which had never been formally made, especially in light of ethical questions concerning the Whitewater affair.

"There seemed to be a feeling that because of the nature of my relationship with this fellow from Hong Kong that there would be problems with the confirmation process," he said.

"And my feeling was, given the climate of the times and the difficulties the White House was already encountering, I didn't want to add to the burdens of the president."

He said that the administration had asked him to be a special envoy to Sudan, a post that would not require Senate confirmation, and that he would consider it.



GLORY OF OLD — The American flag that flew over Old Fort Niagara during the War of 1812 being unfurled at the fort in Youngstown, New York. The flag was taken by the British during the war. It was bought from the Drummond family in Scotland.

AMERICAN TOPICS

Officials Say Amtrak Is Deteriorating Badly

Amtrak, the U.S. passenger train network, is deteriorating. If it is to remain viable, it needs more federal and state tax money, according to the General Accounting Office, the investigatory arm of Congress.

Amtrak's president, Thomas M. Downs, told the House of Representatives subcommittee on transportation that equipment is run down, trains are late and employees are overworked.

"We're selling disappointment at the same time we're selling transportation," he said. "My fear is that this is the precise formula that 30 years ago led to the rapid decline and near demise of rail passenger service" in the United States.

Amtrak was formed in 1971 to preserve the last remnants of private rail passenger service. After a shaky start, it attracted a growing patronage and increasingly paid its own way. But it had to maintain a delicate balancing act between a usually hostile White

House and a Congress that has provided just enough money to keep the trains running.

Short Takes

People with living wills or other end-of-life instructions spend about one-third as much on their final hospital stays as those without such provisions, according to a study. Living wills are designed to keep patients from getting unwanted treatment — such as life-prolonging therapy when they are dying — if they are too sick to speak up. "Respecting a patient's right to choose the kind of medical care received at the end of life also results in a tremendous benefit to society by limiting resources spent on futile and often unwanted attempts to prolong life," said the study's leader, Dr. Christopher V. Chambers of Thomas Jefferson University in Philadelphia.

The snake's forked tongue allows it to track down prey or a mate by following an aromatic trail that might not even be detected by many other animals, according to Kurt Schwab, a biologist at the University of Connecticut. When following a trail, a snake frequently flicks its tongue, splaying the ends apart as far as possible. The snake thus tests the chemical strength of the scent trail at two different points and, determines the direction the trail is heading. The split tongue, in effect,

gives a stereo sense just as two ears give a direction for the source of a sound.

Shakespeare's Hamlet was given a mock trial at the U.S. Supreme Court in Washington. The jury, including Justice Ruth Bader Ginsburg, tossed out the insanity defense. It ruled that Hamlet knew full well what he was doing, although he got the wrong victim, when he stabbed the elderly courtier Polonius through a curtain. A psychiatrist, Dr. Alan Stone, testified that Hamlet's rough treatment of both his mother, Gertrude, and the girl he supposedly loved, Ophelia, was plain old sexism.

While Linda Levy was waiting at Palm Beach Airport in Florida for a flight to New York, she reports in the Metropolitan Diary column of The New York Times, early boardings was announced. A woman went up to the desk and loudly declared that she wanted to get on the plane immediately. "I'm sorry," the attendant said, "but at this time we are preboarding families traveling with small children, as well as our Continental frequent-flier Gold, Silver and Bronze One-Pass passengers."

"How about a hip replacement?" the woman demanded.

The attendant replied, "That'll work."

Arthur Higbee

PROFIT: Clintons Did Well, With Power Broker's Aid

Continued from Page 1

The New York Times. Mr. Blair, who himself made several million dollars trading commodities, said he saw no conflict of interest because he helped Mrs. Clinton as a close friend, not because of her husband's position.

Speaking of the Clintons, he said: "Do they have to go weed their friends out and say they can only have friends who are sweeping the streets? They have friends who are high-powered lawyers. They have friends who write books, who write poetry."

Mr. Blair and the administration officials estimated her profits at roughly \$100,000. The officials said she opened her trading account in mid-October 1978, three weeks before Mr. Clinton was elected by a 63 percent to 37 percent vote. She got out of the market on Oct. 17, 1979, just as the rising market in cattle futures that she had profited from was collapsing.

As governor and during the 1992 presidential campaign, Mr. Clinton was forthright in defending the assistance state government gave to Tyson, which is among Arkansas's largest employers, saying that it was good for the state's economy.

Archie Schaffer, director of media, public and government affairs for Tyson, denied that Mr. Clinton did any special favors for the company or the Arkansas poultry industry.

"I can tell you that I disagree totally with any suggestion that the Clinton gubernatorial administration gave the poultry industry or Tyson any breaks," he said. "That's just nonsense." Mr. Schaffer said he knew nothing of the commodity trading.

The history of the commodities trades casts a new light on the Clintons' personal finances and on their relationship to the poultry industry, and to Mr. Blair, who remains a powerful figure at the intersection of politics and business in Arkansas.

The trades have never been publicly disclosed. During the 1992 presidential campaign, the Clintons and their aides gave conflict-

ing accounts when asked to explain where the couple got the money to make a \$600,000 down payment on a house in 1980. Clinton aides declined during the campaign, and again Thursday, to make public their tax returns for the late 1970s.

When the question of the down payment first arose, the campaign said it came from an investment of Mrs. Clinton, which the officials declined to describe. Later, the officials released a statement in Mrs. Clinton's name that said the money came from "our savings and a gift from my parents."

On Thursday, the administration officials said that the down payment came from savings, including proceeds of the successful commodities trade.

Bill Clinton came from a family of modest means, and for all his political prominence, neither he nor his wife had ever made much money.

Mr. Clinton was elected state attorney general in 1976, at the age of 30. His annual salary then was \$26,500. Two years later, upon becoming the nation's youngest governor, his salary rose to \$35,000 — which left him as one of the nation's lowest-paid governors.

Mrs. Clinton, like her husband a Yale Law School graduate, had joined her husband in teaching law at the University of Arkansas in Fayetteville in the mid-1970s. For the nine-month 1975-76 school year, each was paid \$18,090, a university spokeswoman says. When Mr. Clinton's election as attorney general took them to Little Rock in 1977, she joined the Rose Law Firm there as an associate. Her starting salary is not public, but within a year after being made a partner in 1980 it was \$46,000.

Mr. Blair, 11 years older than Mr. Clinton, was already an established figure in the world of business and politics in Arkansas. By the late 1970s, he had become one of the state's most successful trial lawyers.

His firm, Crouch, Blair, Cypert & Waters, was located in Springdale, the center of Arkansas's booming poultry industry. In addition

to advising some of the state's biggest poultry companies, it represented big trucking companies and the local utility.

Mr. Blair was also a force in statewide political circles. In 1974, he ran the final, doomed re-election campaign of Senator J. William Fulbright, Mr. Clinton's political mentor.

While a partner at Crouch, Blair, Mr. Blair became general counsel to Tyson, which was founded in 1936, with Donald J. Tyson's father hauling live chickens from Arkansas to Chicago. Mr. Blair eventually left the law firm and went to work for his friend Donald Tyson.

Mr. Blair's timing was impeccable. In the tiny Springdale office of Refco, Inc., a trading firm based in Chicago, a ragtag group of brokers, some of whom had been small-town liquor salesmen and clerks, was making millions of dollars, capitalizing on a stunning boom in futures contracts prices. The office's founder, a professional poker player named Robert Bone, was a 13-year Tyson executive who turned a knack for gauging odds into a small fortune.

Mr. Blair said Mrs. Clinton got into the commodities market at his suggestion.

Mr. Blair said he advised Mrs. Clinton to get into the cattle futures market because "I specifically was trading the cattle futures and thought I knew what I was doing."

(Dean Baquet and Stephen Labaton also contributed to this article.)

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BOOKS

I AM SNOWING: The Confessions of a Woman of Prague

By Pavel Kohout. Translated from the Czech by Neil Belmel. 308 pages. \$27.50. Farrar Straus Giroux.

Reviewed by Dennis Drabell

IMAGINE Thomas Jefferson or Tom Paine writing a political novel: a couple of years after the Revolutionary War, and you have a rough idea of what "I Am Snowing" may mean to citizens of the young Czech Republic.

Pavel Kohout's name is less familiar than Vaclav Havel's, but the two writer-reformers are linked by Charter 77. In 1975 the easing of Cold War tensions had led to the Helsinki accords, which gave recognition to East Germany but also affirmed certain basic human freedoms. Along with the accords' other communist-bloc signatories, Czechoslovakia ignored the human-rights clause at home. On Jan. 1, 1977, a "charter" written by Kohout, Havel, and a few others and signed by almost 250 fellow-diss-

idents served notice that lip-service-as-usual would no longer go unmarked. The elegance of their move was that subscribing to and issuing such a declaration are core liberties in a free country.

How deeply this irony etched itself upon the rulers' mentality is hard to gauge; at any rate, they cracked down. Some signers, Havel among them, were jailed. Others were forced into exile, and Kohout was one of these (he now lives in Prague and Vienna). A dozen years later the Czechoslovak communist regime didn't so much topple as dissolve. There may be no direct causal nexus between Charter 77 and the Velvet Revolution, but the spiritual lineage is clear.

Vaclav Havel, of course, has become president of the Czech Republic. Meanwhile, Kohout has fused facts, incidents and personalities from recent Czech history with elements from his imagination to make this highly entertaining and unsettling novel.

The story's first-person narrator (and subject of Kohout's subtitle) is Petra Marova, a poet who counts herself lucky to have a steady, if stultifying, job handling classified ads for a Catholic newspaper. Though in her late 30s, she retains

the allure that has brought her a stream of lovers. She is seldom without a man.

Into Petra's life returns Viktor Kral, the one man she has never gotten over, an economist who has come back to work for the new Czech government as an "apostle of privatization" after 10 years of exile in Canada. Besides never ceasing to love Viktor, Petra has always honored him for refusing to sign the old regime's "anti-Charter" — an act of courage that set him apart from her ex-husband, who signed "without the slightest shame."

It seems, though, that Viktor may have been a collaborator who "staged his flight abroad to continue his work there as a secret agent." That, at least, is the conclusion of an investigating committee. The source for the charge is Josef Benes, the self-styled "only secret policeman ever to sign the Charter." He's lying, Viktor assures her. She agrees to meet with Benes and see if he won't withdraw the denunciation.

While acting as a go-between, Petra tries to sort out incidents and allegiances from a past that is deeply embedded in the present. Thanks to Kohout's deft technique, Petra tells a coherent story

in fits and starts, taking her cues from such friends and enemies as she runs into. Her method is to provide a running commentary on what they say to her, interspersing, say, Viktor's half of a dialogue with her own unspoken embellishments, corrections, sarcasms and self-reprimands.

The result is invariably lively, often funny, and well-suited to a milieu where, until quite recently, what people did and said for public consumption and what they thought to themselves might vary by miles. Like a nonfiction work in which the footnotes are as tantalizing as the text, "I Am Snowing" is a novel to prize for its parentheses.

Dennis Drabell, a Washington writer and editor, wrote this for The Washington Post.

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Herald Tribune

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The Choice for North Korea

If North Korea keeps international inspectors from taking samples at a key nuclear site, Washington will have little choice but to put off Monday's high-level meeting with Pyongyang. Those talks are aimed at opening North Korea to even more intrusive nuclear inspections in exchange for political and economic rewards. As long as North Korea reneges on inspections it has already agreed to, there is no point in talking about new inspections.

But before Washington takes further punitive actions, such as resuming provocative military exercises with South Korea, it needs to give the North another chance to make good on its pledge to allow the inspectors access. Washington should avoid steps that will foreclose further dialogue.

North Korea needs to understand that it now faces a clear choice between isolation as a nuclear renegade and engagement with the rest of the world as a nuclear-free nation. To resume high-level talks with the United States, the North must allow international inspectors to take samples that Pyongyang agreed were necessary to assure that recent diversion of nuclear material has taken place and that safeguards to prevent diversion remain in place.

The samples in question involve taking swabs of a glove box used to handle radioactive materials and analyzing gamma radiation in a suspected reprocessing plant at Yongbyon. The samples are necessary to detect any traces of nuclear material that may have been transferred from a nearby reactor for possible reprocessing.

The North also needs to understand special envoys with the South for talks to carry out their 1991 accord to ban nuclear reprocessing, as it promised to do. Only then can Washington resume high-level talks to resolve the nuclear issue and forge closer ties.

If the North does not act soon, the International Atomic Energy Agency may have no recourse but to turn the matter over to the UN Security Council. The council, in turn, is likely to impose economic sanctions, which would deepen North Korea's isolation and further stifle an economy that could benefit from greater openness. But Washington need not hurry to press for sanctions, which might only intensify the North's determination to develop nuclear arms. Given Pyongyang's economic straits, time is, after all, on Washington's side.

—THE NEW YORK TIMES

Time to Return to the Table

President Bill Clinton and Prime Minister Yitzhak Rabin of Israel, meeting in Washington, had some good advice for the PLO. Come back to the Hebron-interrupted Israeli-Palestinian peace talks, they said. Both in words and between the lines they suggested that in negotiations, the Palestine Liberation Organization is likely to reap advantages equal or superior to those it insists on receiving as a condition of returning to the table. Some of these gains would go directly to the issue — the security of Palestinians under Israeli occupation — raised at Hebron.

Yasser Arafat, the PLO chairman, already had a heavy political problem before a Jewish settler killed 29 Palestinians in Hebron on Feb. 25. After the massacre he has an even greater need to show leery residents of the West Bank and Gaza that peace talks promise real gains. His burden is most swiftly eased, however, precisely by returning to the talks — and by keeping the talks the central venue of Israeli-Palestinian dialogue. Israel, with renewal of these talks, would necessarily be at pains to show its reasonableness to Palestinians. Closure on the remaining issues of autonomy for Gaza and Jericho would be at once after the lives of a great many Palestinians.

It is shortsighted of the PLO to pose condi-

tions for a return to talks and meanwhile to seek political comfort elsewhere. United Nations resolutions on the Middle East long ago lost relevance. The United States affirms the Israeli focus on direct talks. Surely the PLO cannot wish to set a precedent for penalizing the negotiating party whose errant citizens may have committed a terrorist outrage. Through all the retail acts of terrorism that Palestinians committed against Israelis before the wholesale Israeli act in Hebron, Israel stayed at the table.

The Hebron tragedy has put Israel under a certain gathering pressure — a good bit of it from citizens and friends — to move on from the current negotiating agenda of "interim self-government" to the tougher issues of permanent status, including settlements, Israel, with its own political cautions, wants to use the full two years of autonomy granted by September's Israeli-Palestinian Declaration of Principles to avoid permanent-status issues. But these principles also summon the parties to begin negotiating permanent status "as soon as possible." To Palestinians, that means right away. The Israeli government is right to insist that diplomacy be guided and contained by the Declaration of Principles, all of them.

—THE WASHINGTON POST

A New Check on Plutonium

The United States and Russia are now working out an astonishing agreement under which inspectors from each country would be able to go and count the plutonium triggers being taken out of the other's deactivated missiles. If this agreement is carried out as now envisioned, it can lead to many kinds of benefits. First, it can provide a simple way to check on the dismantling of weapons. Reconciling the requirements of secrecy and verification has always been the hardest part of any arms control treaty. Now that the two countries are no longer threatening each other with these weapons, better verification becomes possible. Inspection would also enable each government to reassure itself regarding the care and skill with which the other is guarding these components. The possibility of theft or diversion of plutonium has always been a great concern surrounding these nuclear armories, and the turmoil of Russia's second revolution has heightened those concerns. No doubt each side can learn from the other about procedures for keeping plutonium out of the wrong hands.

There are much broader benefits as well.

This new agreement can become an important precedent for openness in arms control generally. In the international rules that try to prevent the spread of nuclear weapons, there has always been one standard for the countries that have them and another for those that have not. The disparity has seemed discriminatory to many governments and has diminished the moral force of the Nuclear Nonproliferation Treaty. If the two countries with the largest arrays of these weapons now open a crucial part of their armories to direct visual inspection by each other, that will change things. It will become harder for countries with nuclear ambitions to fend off demands for international inspection. The practice of openness will have been strengthened worldwide.

The principle of unprecedentedly close inspection was established for chemical weapons in the treaty that most of the world's governments signed last year. If that same principle can now be applied to the plutonium being taken out of missile warheads, it will improve the chances that this most terrible of weapons will never be used.

—THE WASHINGTON POST

Close the Book on Harding

One big complaint to be made about the guilty plea by Tonya Harding is that because of it, we may never know how much she really had to do with the violent assault on Nancy Kerrigan in December. But one thing is certain: Ms. Harding is a convicted felon.

Her conviction was carefully circumscribed: "I'd just like to say I'm really sorry I interfered," she told the court. This is in the nature of plea bargaining, where a kid who steals a car to speed all over the county may end up pleading guilty to something like "unauthorized use" — as if he had merely forgotten to ask Uncle Leonard for permission to drive the Buick to the 7-Eleven.

The offense Ms. Harding pleaded to in Portland, Oregon, was hindering prosecution in the Kerrigan attack — that is, knowing about it after the fact and not telling authorities. But a deputy district attorney said that there was "substantial evidence to support Ms. Harding's involvement prior to the assault" and that if this bargain had not been made, "we would have proceeded with indictments on other pertinent charges."

It would have satisfied some part of the public's curiosity to see Ms. Harding's former

husband testify about what she knew, and when, and what she did. But given the nature of the key witnesses — alleged conspirators in the Kerrigan assault — and the odds, not to say bizzaro, behavior of jurors in a number of recent high-profile trials, who is to say the prosecutors did not make the best possible deal? Ms. Harding will not do time, but neither will she be coming out on the courthouse steps some day in the near future to announce to a mob of reporters: "I consider this a complete vindication."

As part of her plea bargain, Ms. Harding agreed to withdraw from amateur figure skating. But there is no guarantee that she will not make a great deal more money out of her notoriety than she ever would have out of amateur skating. She already has a \$600,000 deal with a TV show. That Tonya Harding should profit from the crime would be a sort of crime in itself, but one that is largely beyond the reach of prosecutors and for which a whole lot more of us than Ms. Harding would be indignant. The best way to prevent it is for enough people to decide that for them, the Tonya Harding story is over.

—THE WASHINGTON POST

No Sensible Choice but a True U.S.-Russia Partnership

By Andrei Kozyrev

The writer is foreign minister of Russia.

MOSCOW — A great debate rages in Russia and the West on the possibilities of a Russian-American partnership. In this global transition, can the superpowers become real partners?

Some commentators consider the question premature, at best. Others are already predicting a new rivalry.

I dispute both responses. For those who support the goals of a Russia that is open to the world and the transforma-

There will be no perfect harmony, of course. Hard compromises will be needed.

tion of the volatile post-Communist orbit into a stable, democratic order, there is simply no alternative to genuine partnership.

Both sides must be prepared for hard compromises to make it work.

Now, we Russian democrats who stand behind these goals have met fierce political — even armed — resistance. But I must say, sadly, that in these confused days sometimes we are neither understood nor adequately supported by our natural friends and allies in the West. Even at this critical moment in Moscow, when democracy needs all the help it can get, we hear Western threats to reduce economic cooperation with Russia.

These threats are provocative and senseless, echoing a history of foreign policy debates I thought had ended. Some views suggest an almost manic desire to see only one leading power in the modern world — the United States of America — and to obsessively proclaim American leadership everywhere.

From the outset, pragmatic politicians in Russia and the West have proceeded on two premises. First, Russia is destined to be a great power, not a junior one. Under Communist or nationalist regimes, it would be an aggressive and threatening power, while under democratic rule it would be peaceful and prosperous. But in either case it would be a great power.

Second, partnerships like ours cannot negate a firm, even aggressive, policy of defending one's own national interests. This may result in occasional disputes, but the context must remain one of compromise rather than confrontation. How naive to expect powers as great as Russia and the United States always to be in harmony!

It was in this spirit that my recent talks took place in Vladivostok with Secretary of State Warren Christopher and in Moscow with Secretary of Defense William Perry.

A particularly promising example of practical cooperation was the American agreement to involve Russian experts in defining the principles that should govern exports of militarily useful technology from the West to former Communist countries and those accused of state-supported terrorism.

Joint efforts — especially at the early stages, before situations become faits accomplis — indicate a real partnership, whether in the field of technology or regional conflict.

What should Russian democrats do about the chauvinistic new banners flapping in the Washington wind? Russia cannot agree to a subordinate global role. It would be unjustified and politically dangerous. Extreme nationalists and other reactionaries would soon capitalize on such deference.

Indeed, they are already seeking to do so. Some Russian democrats remark pessimistically in their kitchens that while Yegor Gai-

dar, the former deputy prime minister, did not receive serious economic assistance from the West, it is the ultranationalist lawmaker Vladimir Zhirinovskiy who reaps the political benefits of the rhetoric about providing aid, much of which has never come.

While the notion of American global hegemony is dangerous, there remains an urgent need for American leadership, given the special position of the United States in the Group of Seven and in NATO.

Recall that NATO was created for the purposes of containing communism and consolidating Western democracies against its threat. But in today's world, NATO is inadequate, for two reasons.

First, it no longer confronts communism as its main enemy, and it does not have Russia as a member.

What role should NATO serve in resolving major international conflicts? The organizational problem could be resolved partly through the U.S.-proposed Partnership for Peace, which several nations in Eastern and Central Europe have joined and which is acceptable to Russia as well.

But even this should not be viewed as a true joint partnership in world affairs. The problem has been posed most concretely by the crisis in Bosnia. The NATO ultimatum on Sarajevo was presented without Russian participation. It is unacceptable to exclude Russia from efforts to resolve the situation in Bosnia, where it has present and prospective interests.

Unless we urgently begin to build a strategy and mechanisms for a mature relationship based on reality — dare we call it realpolitik? — the Russian and American advocates of macabre self-fulfilling prophecies will surely exploit the present situation.

And both countries will surely lose.

The New York Times

China: Reports of Christopher's Debacle Are Greatly Exaggerated

By Jessica Mathews

WASHINGTON — The reaction to Secretary of State Warren Christopher's mission to Beijing has been wildly exaggerated. This was neither a policy debacle nor the "humiliation" some have called it. Mr. Christopher laid out in detail what he felt the Chinese had to hear and matched them diplomatically, rebuff for rebuff.

Progress was made on some points. The U.S. position remained firm.

Reading the criticisms, one might think that President Bill Clinton invented the linkage between most-favored-nation trade status and China's human rights record. To the contrary, he inherited a legacy of bruising battles between George Bush and Congress that ended each year in a presidential veto. Mr. Clinton garnered applause last spring for a policy that deftly threaded the needle between a Congress still angry about the Beijing massacre and recognition of the overriding importance of the U.S.-Chinese relationship. The decision separated trade and nonproliferation concerns from the annual MFN review because those interests had already been clarified in the contested terrain, responding to China's complaints of moving goal posts. It may also have unintentionally highlighted the most sensitive issue.

The human rights conditions necessary for this year's renewal required that China meet the longstanding Jackson-Vanik measure on freedom of emigration, never a big issue with China, and comply with an accord on prison labor. Other conditions specified only a trend toward better observance of the Universal Declaration of Human Rights, releasing and accounting for political and religious prisoners, providing humane treatment of

prisoners, respecting Tibet's heritage and allowing international broadcasts.

The policy came as close as any could have to satisfying all sides, including those now hurling brickbats. Business interests, which preferred an unconditional extension that Congress would not have approved, felt this was an acceptable second-best. Congressional leaders, who wanted tougher demands, believed the administration was serious about advancing human rights. Chinese student activists and Tibetans cheered. China's leaders had reason to see the policy as one they could work with.

How that promising beginning reached this low point is a matter for speculation. Conflicts over dangerous Chinese exports and over textiles clouded the relationship. Some Beijing leaders doubted U.S. firmness. Perhaps the largest factor was China's long leadership transition, which induces hard-liners and moderates alike to prove their toughness.

The secretary's visit itself was poorly timed. With the National People's Congress meeting in Beijing, they had no room for error. They had a large and sensitive audience.

Both sides now have much face at stake and little room for maneuver before this year's deadline. Still, a collision is not inevitable.

China is a huge and growing market, but only the 15th-largest buyer of U.S. exports. The United States buys more than a third of China's exports, providing a large surplus to a country with an overall trade deficit. China needs the United States to remain engaged in Asia as a counterweight to Japan. The United States needs a con-

structive China in the Security Council, on regional security issues — especially North Korea — on environmental matters such as global warming and on the issue of its exports of weapons of mass destruction.

The onus for action now rests squarely with Beijing. Unnoticed in reports of the meeting were several small steps forward: an agreement on prison inspections with specific time limits; information on 235 prisoners; a first-time pledge to provide information on 106 Tibetans; incremental steps on emigration; and an agreement to receive technical data on the

jamming of Voice of America broadcasts. Note that these touch on each of the U.S. conditions. None constitutes "significant progress," but all of them could be built upon.

In return, Congress must find a way to remove the MFN obstacle to a relationship in which neither human rights nor commercial interests is the most important element. A return to the days when MFN renewal was routine could be achieved with the administration's help without sacrificing human rights. The Bush administration could not have reached such a deal — Congress did not trust its commitment to human rights — but this one can. None of the other levers at Wash-

ington's disposal is strong. They include multilateral pressure in the World Bank and the United Nations, high-level support for dissidents and for Tibet, and vigorous support for democracy in Hong Kong. But weighed with steady determination and buttressed by the inevitable weakening of centralized control that capitalism brings, such measures could achieve at least as much as the threat of trade sanctions has.

The writer, a senior fellow at the Council on Foreign Relations, was deputy to the U.S. undersecretary of state for global affairs in 1993. She contributed this view to The Washington Post.

No, the Secretary's Head Should Roll

WHO IS the chief beneficiary of the White House explosion? Try Warren Christopher. Only in a Washington entirely absorbed with scandal could his astonishing debacle in China have gone so unremarked.

Mr. Christopher went to China breathing fire and brimstone about its need to improve its human rights. The Chinese greeted him with contempt. Even before he arrived they had been rounding up dissidents.

Mr. Christopher's sides report The New York Times were "shocked and bewildered" by the Chinese behavior. But at Mr. Christopher's level, officials visit a major country knowing what to expect. Anything less is a diplomatic failure. This was a diplomatic disaster.

The excuse that the unfortunate reception was the result of unforeseeable last-minute maneuvering by Chinese hard-liners is amateurism seeking the cover of naivete. The reasons that the Chinese rejected Mr. Christopher's overtures are obvious. The Chinese looked at the Gorbachev experiment — political liberalization before economic liberalization — and concluded that it led to chaos and national ruin. Their choice is economic liberalization under continuing authoritarian rule.

In the long run, it is a strategy bound to fail. They cannot retain Leninist political control with a dynamic market economy growing at 13 percent a year, the fastest in the world. And they are gradually losing control.

Along comes Mr. Christopher with a list of human rights demands now — or else. Or else President Bill Clinton will withdraw most-favored-nation trading status. The problem is that MFN is rapidly being recognized as the wrong tool for bringing democracy to China. It would claim too many casualties on both sides of the Pacific.

It would cause a huge disruption of American trade. And it would inflict enormous damage on precisely that sector of Chinese society — the growing free market — that most threatens the repressive regime.

Mr. Christopher began to cave, amazingly, even before he had left China. At a Beijing press conference, he signaled a moderation of U.S. human rights requirements.

Once again, as in Haiti and Somalia: the right policy, arrived at only in retreat. How many more times must this secretary of state engage in policy-by-humiliation before he greets the nation with an early retirement?

—Charles Krauthammer in The Washington Post

Australia: A Friend of Clinton's Faults His Asian Trade Policy

By Anthony Lewis

CANBERRA, Australia — "I think the United States has wrong-footed itself unnecessarily in its argument with Japan," Prime Minister Paul Keating said.

"If it argues that Japan should open its markets to the rest of the world, having secured so much itself in the multilateral trading system, it cannot lose that argument. But if it then argues that the way to do it is through a managed trade approach, it is bound to lose the argument."

Why? I asked. His answer was that managed trade would not work: "What American president, what Australian prime minister, what German chancellor, what Japanese prime minister can deliver on behalf of their

manufacturing or service industries great chunks of market share? I suggest: None."

Mr. Keating did not direct his criticism at President Bill Clinton. After Mr. Clinton's efforts on the North American Free Trade Agreement and the GATT trade talks, he said, "The multilateralist in him is pretty obvious." But he suggested that the president was feeling pressure for "bilateral solutions."

"Because of a slowness in restructuring its economy in the 1980s," he said, America has had "a loss of confidence in its capacity to trade profitably in these new burgeoning markets" in Asia.

But in fact, he said, "the United States is making very large productivity changes, changes to its business culture. Look at the car industry. In quality and price you can actually win a legitimate market battle. You don't need to be tricky about it."

Americans may find it a bit surprising to have the leader of an Australian Labor government talking in these tough market terms. But Mr. Keating has moved the Labor Party to the center on economic and other issues, and the policy has been a remarkable political success.

He became prime minister in 1991 by carrying out a party coup against the man who had the job, Bob

Hawke. A year ago this week he faced an election that all the experts said was "unwinnable" — and won.

On China, too, the Keating government differs from Clinton policy. The United States is right to put its views on human rights to China strongly. Mr. Keating said — as he has done. "But to go the next point and say, well, if you don't accept that view, we will then rupture the relationship is not an ideal solution in a less than ideal world. The problem in all these things is, if you put a hook in your own

mouth, you've got to be able to dislodge it. I just hope that U.S. policymakers have thought that through."

Was there any compromise away out of the conflict with China, I asked, for example by Washington imposing some penalty on Chinese trade but not completely dropping China's most-favored-nation status?

"Probably," he said, but it would require a gesture from China on human rights — one that would take patient, firm negotiating to achieve.

The prime minister mixed these comments with praise for President Clinton. "In this presidency," he said, "there is a chance to restore the faith Americans have had in their highest office as an agency for change."

"I think that societies find leaders like this once in a generation, if they're lucky. They've got one now, and they should value it."

There was a sense in the interview of Mr. Keating's identifying with Mr. Clinton. They are of the same generation — the prime minister 50, the president 47. They have in common, too, the rise from humble origins. But Mr. Keating has nothing like Yale and Oxford in his background. He left school at 15 and entered Parliament at 25.

"I learned the hard way," the prime minister said. "I educated myself largely. I had to build in my head a model of this country, its society and economy, how you keep a society together, how you deliver assistance to those who are disadvantaged and low-paid without holding back those who are able to create wealth."

A striking aspect of his personality is his love of the arts. He is a hard politician with a rough tongue, dismissing opponents as "low-lives" and "grubs." But in music he goes for the romantic: from Beethoven to Elgar and Mahler. He said aesthetic interests influence his view of the world: "I've always been run by my eyes and ears."

The New York Times

With Liberty and Cotton Candy for All

By A. M. Rosenthal

NEW YORK — Maybe we should all wave a thank-you to Tonya Harding as she sets off to earn her first million, selling interviews and performing in ice shows.

Maybe, because of her ice shows, through manager candy cane quips imposed on a market economy, it's bound to lose the argument.

Why? I asked. His answer was that managed trade would not work: "What American president, what Australian prime minister, what German chancellor, what Japanese prime minister can deliver on behalf of their

— be off and enjoy it, along with your cotton candy cones.

By now, it is just another tale of American dollar-based justice. Tonya's prosecutor and judge simply decided it was too expensive to get to the bottom of the case.

Did she know when the ex-husband in her house and the strongman men on her payroll were so busy planning, arranging and carrying out the crime? That is what the ex-husband swore. Or in her innocence did no trace of suspicion swirl her mind until after Nancy Kerrigan was assaulted, the assailant behind bars, and Tonya awoke crying. Heavens, what have we here?

The prosecutor and judge, to save time and money, allowed her to plead guilty only to obstructing justice. Jail? Forfeard.

The judge gave her a fine she can pay off with just a part of one television contract. And he decided, cruel fellow, that she could not take part in "amateur" events but to skate had to go for the big money of professionalism, a decision she had already made. Oregon justice kissed her adieu and opened the gates to the yellow-gold road.

But why be surprised? America is a country where every day judges and prosecutors bargain with criminal-

nals. Son, will you take a year right now for that assault and robbery or gamble on getting 10 if you go to trial? Next case. How about a little community service, lecturing kids against naughtiness, instead of the nasty old jailhouse?

Murdered a lover, did you, shot him to death for tomcatting? Well, how about saving the court's time and going for manslaughter, maybe out in five or six years?

In America, we now take it for granted that it is right to keep taxes down by trading justice for courtroom expenses. We are so used to saying murder is not really murder that we believe it — unless it is somebody we love down in the grave.

In America, a rapist gets married in a courtroom while his victim sits in a nearby room, in a wheelchair, unable to feed or dress herself because he had throttled her until the oxygen was cut off from her poor brain. Then — sale day — the judge knocks a year off the sentence.

In America a woman is freed after confessing to cutting her husband's penis off. Why not? They sewed it back, didn't they?

In America, two little kids both their parents, beg money as pitiful orphans, and two juries can't for the life of them decide what to do.

Judge, hand us more of that nice cotton candy; there's plenty.

The New York Times

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BUSINESS

International Herald Tribune, Saturday-Sunday, March 19-20, 1994

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SPECIAL CAMPFIRE SPARKS

Summer camps offer programs in virtually any area of activity. Among the latest trends are "per camps," which emphasize learning skills, realize such childhood dreams as joining the circus or becoming an astronaut; and "adult camps," which give grown-ups the opportunity to play basketball with the pros or go whitewater rafting with a guide. Some colleges now have summer camps that offer traditional camping along with a program of academic instruction.

Parents are advised to send their children to a specialty camp that interests the child, not to fulfill the parents' desire. "Parents should make sure that it's something their child wants to do, not just something they want their child to do," says one camp director. "Sometimes there is consumer resistance from the children."

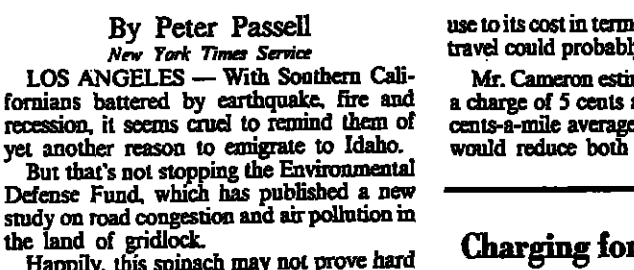
"We've had a couple of cases where kids were sent to learn word processing to prep for college," Joan Knowles says about Computer-Ed Camp. "But once they learn it's not school—it's camp and a lot of fun—they learn while having fun."

At Buck's Rock, a music, art and theater camp, a child has to express at least a mild interest in creativity. A dedicated football player, for example, may be advised to look elsewhere.

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Asia/Pacific
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Close: 128.68 Prev.: 129.48

Europe
Approx. weighting: 37%
Close: 112.89 Prev.: 114.51

North America
Approx. weighting: 26%
Close: 96.25 Prev.: 96.08

Latin America
Approx. weighting: 5%
Close: 129.71 Prev.: 133.33

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. It includes stocks from 25 countries, including Japan, Germany, France, Great Britain, Italy, Spain, Sweden, Switzerland, and the United States. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industrial Sectors

PL	CL	PR	%	PL	CL	PR	%
Energy	112.81	113.73	-0.81	Capital Goods	114.55	114.94	-0.34
Utilities	126.71	128.30	-1.59	Raw Materials	123.11	123.89	-0.63
Finance	116.44	117.44	-0.85	Consumer Goods	99.38	99.58	-0.60
Services	119.77	121.51	-1.43	Miscellaneous	127.88	129.15	-0.91

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

U.S. Gains In Japan On Chips

But Americans See No Trend Yet

By Andrew Pollack
New York Times Service

TOKYO — Foreign companies' share of Japan's semiconductor market surged to 20.7 percent, its highest level ever, in the fourth quarter of 1993, it was announced Friday. The development could help defuse another potentially explosive trade dispute with the United States.

But the U.S. government and the American computer chip industry reacted coolly to the news, calling on Japan to take measures to ensure that progress continues.

"We are pleased to see an increase in foreign market share for the fourth quarter," the U.S. trade representative, Mickey Kantor, said. "However, we remain concerned that U.S. and other foreign semiconductor suppliers are not achieving improved access to the Japanese market on a sustained basis."

The fourth-quarter share, announced by the two governments, rose more than expected from the 18.1 percent figure for the third quarter, as calculated by a formula used by the U.S. government. Under the formula used by the Japanese, the foreign share rose to 22.1 percent from 19.7 percent.

For all of 1993, the foreign share averaged 19.4 percent by the American formula, compared to 16.7 percent in 1992. Despite the gain, however, the figure was below the 20 percent average that both Mr. Kantor and the American industry had been seeking.

A 1991 trade agreement between the United States and Japan set a goal, though not a guarantee, that American and other non-Japanese chip makers would win 20 percent of Japan's roughly \$20 billion semiconductor market by the end of 1992, with gradual improvement in market access after that.

The semiconductor accord, which American companies agree has vastly increased their sales in Japan, has become the model for the "results-

German-U.S. Pact Aloft

Airline Agreement Is Signed in Bonn

By Brandon Mitchener
International Herald Tribune

FRANKFURT — The idea of "open skies" between Europe and the United States came closer to reality Friday after German, British and U.S. officials broadened and extended two code-sharing agreements that are expected to spur competition and inspire new trans-Atlantic alliances.

Transportation Minister Matthias Wissmann of Germany and his U.S. counterpart, Federico F. Peña, signed a memorandum of understanding in Bonn that broadens a code-sharing contract between Deutsche Lufthansa and UAL Corp.'s United Airlines that is to go into effect May 1.

The signing followed six months of negotiations over the accord, which other U.S. airlines had tried to block. It also adds to the pressure on other U.S. and European airlines to enter similar alliances.

Jürgen Weber, chairman of state-controlled Lufthansa, said the accord had given Lufthansa and United "the biggest air network in the world."

It grants the unprofitable Lufthansa, which is in the midst of a major cost-cutting effort, unlimited access to the American market and to other destinations including the Caribbean. Germany hopes the deal will make it easier to sell a majority stake in the carrier to investors this year.

The agreement also gives United and another U.S. carrier the right to share codes on routes within Germany and on to other countries with European partners. Code-sharing allows carriers to sell each other's services on selected routes.

The second U.S. airline was not identified, but it was expected to be Northwest Airlines. Northwest is allied with KLM Royal Dutch Airlines and

Clinton's Talks With Greenspan Spook Markets

By Keith Bradsher
New York Times Service

WASHINGTON — A presidential summons to the chairman of the Federal Reserve Board for what the White House described as a routine meeting Friday turned into an embarrassment for both men, as financial markets reacted with alarm to the appearance of administration encroachment on the central bank's independence.

Bond prices fell sharply after Fed officials announced Friday morning that Alan Greenspan, the Fed chairman, had canceled a planned trip to Houston for a speech because he had been called to the White House. The yield on the bellwether 30-year bond rose to 6.92 percent from 6.83 percent Thursday.

Stocks, after falling early, closed higher in the fourth-heaviest trading day on the New York Stock Exchange. The Dow Jones industrial average rose 30.51 points to 3,895.65. Exchange volume, about 447 million shares, was boosted by the "triple witching" phenomenon, the quarterly expiration of futures and options contracts.

Administration officials went out of their way to describe the White House meeting as nothing out of the ordinary, with Mr. Clinton asking Mr. Greenspan's views on the economy's health but not about interest rates.

"It was a fairly routine meeting between the president and the chairman of the Fed to hear the chairman's views on the economy," said Gene Sperling, a senior official on the president's National Economic Council. "There was neither the intent nor effect of sending or receiving any messages whatsoever."

Mr. Clinton held similar meetings with Mr. Greenspan on Jan. 21 and in early November, but neither of these meetings was publicly announced. The meeting Friday took place with the usual secrecy. Mr. Greenspan came and went through the south entrance of the White

Metal Firm Blames Executives

Blomberg Business News

FRANKFURT — An audit report released Friday by Metallgesellschaft AG said that the company's former managers had taken greater risks than they should have in oil futures trading, and the company said it would seek damages from the two former managers.

The audit, by accounting firms in Germany and the United States, was commissioned by the Metallgesellschaft supervisory board in December, when the company fired its chief executive, Heinz Schimmelbusch, and chief financial officer, Meinhard Forster.

The metals and mining conglomerate was driven to the brink of bankruptcy by losses totaling 2.3 billion Deutsche marks (\$1.4 billion) in losses on oil futures trading.

See MARKETS, Page 10

ECONOMIC SCENE

Adam Smith Tackles the Traffic Jam

By Peter Passell
New York Times Service

LOS ANGELES — With Southern Californians battered by earthquake, fire and recession, it seems cruel to remind them of yet another reason to emigrate to Idaho.

But that's not stopping the Environmental Defense Fund, which has published a new study on road congestion and air pollution in the land of gridders.

Happily, this spinach report by Michael Cameron, an economist, documents the mess that is Southern California's car-dependent transportation system, its conclusions are, at heart, optimistic.

Like many other economists, Mr. Cameron believes that charging for road use according to free market principles would both clean the air and speed traffic.

Unlike others, though, he offers equally compelling evidence that pricing away pollution and congestion need not come at the expense of the poor and marginally middle class. "You could create a system that benefits every income group," Mr. Cameron asserted.

Traffic jams are close relatives to the long lines outside Soviet shops that Americans used to snicker about. When prices are too low to equate supply and demand—whether the commodity is sausage or space on roads—rationing takes place in other, almost always more frustrating, ways. The Russians have figured this out; Californians haven't.

By popular reckoning, the two-hour commute is now as much a fixture of life in Southern California as the all-night supermarket and drive-by shooting. In fact, relatively modest efforts to link the price of road

A Move to Dump Milken

The Associated Press

SAN FRANCISCO — The University of California regents are looking for a way to get the university system out of a contract with Michael R. Milken, the securities fraud felon who built the junk-bond market.

The regents have asked administrators to see what they can do to sever a deal that has been lampooned in the "Doonesbury" comic strip and the "subject of complaints that it sullies the university's reputation."

The agreement allows Mr. Milken's enterprise, Educational Entertainment Network, to market videos of classes he taught last fall at the Anderson Graduate School of Management at the University of California at Los Angeles. It allows Mr. Milken to keep 95 percent of the profit, with 5 percent going to the university. It also allows him to use the university's logo.

Mr. Milken, one of the most powerful financiers of the high-flying 1980s corporate takeover era, served nearly two years in prison after he pleaded guilty to six securities law violations.

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Australia	1.08	2.875	1.34	0.209	0.125	1.64	1.23	1.27	1.28
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Frankfurt	1.00	2.32	1.00	0.00	0.00	1.00	1.00	1.00	1.00
London (S)	1.00	0.78	0.63	0.017	0.008	0.008	0.008	0.008	0.008
Madrid	16.81	26.82	21.06	24.94	1.29	1.23	1.23	1.23	1.23
Milano	1.00	2.47	1.00	0.00	0.00	1.00	1.00	1.00	1.00
New York (N)	1.00	0.78	0.63	0.017	0.008	0.008	0.008	0.008	0.008
Paris	1.00	2.47	1.00	0.00	0.00	1.00	1.00	1.00	1.00
Tokyo	1.00	2.47	1.00	0.00	0.00	1.00	1.00	1.00	1.00
Toronto	1.00	2.47	1.00	0.00	0.00	1.00	1.00	1.00	1.00
Zurich	1.00	2.47	1.00	0.00	0.00	1.00	1.00	1.00	1.00
1 ECU	1.00	2.47	1.00	0.00	0.00	1.00	1.00	1.00	1.00
1 SDR	1.00	2.47	1.00	0.00	0.00	1.00	1.00	1.00	1.00

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3 months	3 3/4-3 5/8	5 1/2-5 3/4	4 1/2-4 3/4	5 1/2-5 3/4	6 1/2-6 3/4	2 3/4-2 5/8	6 1/2-6 3/4		
6 months	4 1/4-4 1/2	5 3/4-5 5/8	4 3/4-4 5/8	5 3/4-5 5/8	6 3/4-6 5/8	2 5/8-2 7/8	6 3/4-6 5/8		
1 year	4 1/2-4 3/4	5 5/8-5 7/8	4 5/8-4 7/8	5 5/8-5 7/8	6 5/8-6 7/8	2 7/8-3 1/8	6 5/8-6 7/8		

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Prime rate	4.00	4.00	Call money	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Federal funds	3.25	3.25	3-month interbank	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month CDs	3.25	3.25	6-month interbank	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Comm. paper 180 days	3.25	3.25	9-month interbank	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	3.25	3.25	12-month interbank	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
1-year Treasury bill	3.25	3.25	1-year swap	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
5-year Treasury note	5.00	4.97	5-year swap	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
10-year Treasury note	5.00	4.97	10-year swap	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
30-year Treasury bond	5.00	4.97	30-year swap	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2

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Herald Tribune

MARKET DIARY

White House Talks Fuel Rise of Dollar

Compiled by Our Staff From Dispatches

NEW YORK—The dollar rose against the Deutsche mark on Friday after a meeting between President Bill Clinton and the Fed chairman, Alan Greenspan, sparked rumors of an impending rise in interest rates.

The dollar closed at 1.6968 DM, up from Thursday's close of 1.6883 DM. The dollar was also ahead against other major currencies.

The U.S. currency had traded as high as 1.6985 DM earlier Friday.

Foreign Exchange

As the market was swept by the rumor that Mr. Clinton was attempting to sell the Fed chairman on his belief that interest rates need not rise further, a White House aide later announced that the two men had not discussed rates.

"Great timing," said one trader, commenting on the fact that the White House meeting was called directly ahead of a meeting Tuesday of the Federal Open Market Committee, which decides interest-rate policy.

Another rumor, that American warships had been placed on alert off North Korea, further roiled the market. When that rumor was denied by the White House, the dollar lost some of its gains.

Dealers said that the dollar's fall-

ure to break through 1.70 DM indicated that there was still downside pressure on the U.S. currency that will be lifted only once the Bundesbank moves more aggressively to cut German interest rates.

"There was substantial psychological resistance at about 1.70 marks, which the dollar couldn't overcome," said Richard Pontius, vice president of Standard Chartered.

The dollar moved up against the yen as well, although trading moved even slower with Japanese markets to be shut Monday in observance of a national holiday.

The dollar closed at 106.12 yen, up from 105.73 on Thursday. Against other currencies, the dollar rose to 1.4415 Swiss francs from 1.4385 Wednesday, and to 5.781 French francs from 5.7533. The pound fell to \$1.4905 from \$1.4939.

The Clinton-Greenspan meeting also affected the precious metals markets.

April gold jumped \$4.60 to \$387.60 an ounce on the Commodity Exchange, while May silver rose 6 cents to \$5.437 an ounce.

"Gold always does well when the market panics," said a trader with Mess Pierson Derivatives in London. (Reuters, AFX, Knight-Ridder, Bloomberg)

MARKETS: Ructions Over Rates

Continued from Page 9

the first time since Feb. 4. At that meeting, top Fed officials voted to raise by a quarter of a percentage point the interest rates that banks charge each other for overnight loans.

Many Wall Street economists had already expected the Fed to

age was buoyed by gains in Alcoa, up 1 1/2 to 77, Boeing Co., up 1 1/2 to 47, and General Electric Co., which closed at 104 1/4, up 1 1/4.

Northwest Airlines closed unchanged at 13 in its first day of over-the-counter trading. The airline raised \$260 million in its initial public offering, 35 percent less than the company planned.

20th Century Industries slumped 3 1/2 to 21 1/2 as the insurer said it expected to take a charge of \$3.15 a share for claims arising from the Los Angeles earthquake two months ago.

U.S. Stocks

Raise interest rates further on Tuesday. The flap on Friday persuaded some of them that higher rates were even more likely now, to avoid the public impression that the Fed had yielded to pressure from the White House.

Late Burst Buys Stocks

Stocks closed higher as a late burst of computer-driven buy orders tied to the triple witching expiration offset concerns about interest rates raised by the Clinton-Greenspan meeting, Bloomberg Business News reported from New York.

Trading was extremely heavy as investors unwound equity positions tied to March's expiration of individual stock options, stock index options and index futures contracts. The total of 446.4 million shares traded was the highest total since Oct. 21, 1987.

The Dow Jones industrial aver-

Via Associated Press March 18

The Dow

Daily closings of the Dow Jones Industrial average

4000

3000

2000

1000

0

S O N D J F M

1993

1994

NYSE Most Actives

Vol. High Low Last Chg.

Walt Disney 22,725 21 1/4 20 1/4 -1/4

AT&T 21,011 20 3/4 20 1/4 -1/4

Zions Banc 10,000 20 1/4 20 1/4 -1/4

Chrysler 9,000 19 3/4 19 3/4 -1/4

Coca-Cola 8,000 19 1/4 19 1/4 -1/4

Pfizer 7,000 18 3/4 18 3/4 -1/4

Merck 6,000 17 3/4 17 3/4 -1/4

Johnson & Johnson 5,000 16 3/4 16 3/4 -1/4

Amgen 4,000 15 3/4 15 3/4 -1/4

Genentech 3,000 14 3/4 14 3/4 -1/4

Novartis 2,000 13 3/4 13 3/4 -1/4

Eli Lilly 1,000 12 3/4 12 3/4 -1/4

Amgen 500 11 3/4 11 3/4 -1/4

Genentech 400 10 3/4 10 3/4 -1/4

Novartis 300 9 3/4 9 3/4 -1/4

Eli Lilly 200 8 3/4 8 3/4 -1/4

Amgen 100 7 3/4 7 3/4 -1/4

Genentech 50 6 3/4 6 3/4 -1/4

Novartis 25 5 3/4 5 3/4 -1/4

Eli Lilly 10 4 3/4 4 3/4 -1/4

Amgen 5 3 3/4 3 3/4 -1/4

Genentech 2 2 3/4 2 3/4 -1/4

Novartis 1 1 3/4 1 3/4 -1/4

Eli Lilly 1/2 1/4 1/4 -1/4

Amgen 1/4 1/4 1/4 -1/4

Genentech 1/8 1/8 1/8 -1/8

Novartis 1/16 1/16 1/16 -1/16

Eli Lilly 1/32 1/32 1/32 -1/32

Amgen 1/64 1/64 1/64 -1/64

Genentech 1/128 1/128 1/128 -1/128

Novartis 1/256 1/256 1/256 -1/256

Eli Lilly 1/512 1/512 1/512 -1/512

Amgen 1/1024 1/1024 1/1024 -1/1024

Genentech 1/2048 1/2048 1/2048 -1/2048

Novartis 1/4096 1/4096 1/4096 -1/4096

Eli Lilly 1/8192 1/8192 1/8192 -1/8192

Amgen 1/16384 1/16384 1/16384 -1/16384

Genentech 1/32768 1/32768 1/32768 -1/32768

Novartis 1/65536 1/65536 1/65536 -1/65536

Eli Lilly 1/131072 1/131072 1/131072 -1/131072

Amgen 1/262144 1/262144 1/262144 -1/262144

Genentech 1/524288 1/524288 1/524288 -1/524288

Novartis 1/1048576 1/1048576 1/1048576 -1/1048576

Eli Lilly 1/2097152 1/2097152 1/2097152 -1/2097152

Amgen 1/4194304 1/4194304 1/4194304 -1/4194304

Genentech 1/8388608 1/8388608 1/8388608 -1/8388608

Novartis 1/16777216 1/16777216 1/16777216 -1/16777216

Eli Lilly 1/33554432 1/33554432 1/33554432 -1/33554432

Amgen 1/67108864 1/67108864 1/67108864 -1/67108864

Genentech 1/134217728 1/134217728 1/134217728 -1/134217728

Novartis 1/268435456 1/268435456 1/268435456 -1/268435456

Eli Lilly 1/536870912 1/536870912 1/536870912 -1/536870912

Amgen 1/1073741824 1/1073741824 1/1073741824 -1/1073741824

Genentech 1/2147483648 1/2147483648 1/2147483648 -1/2147483648

Novartis 1/4294967296 1/4294967296 1/4294967296 -1/4294967296

Eli Lilly 1/8589934592 1/8589934592 1/8589934592 -1/8589934592

Amgen 1/17179869184 1/17179869184 1/17179869184 -1/17179869184

Genentech 1/34359738368 1/34359738368 1/34359738368 -1/34359738368

Novartis 1/68719476736 1/68719476736 1/68719476736 -1/68719476736

Eli Lilly 1/137438953472 1/137438953472 1/137438953472 -1/137438953472

Amgen 1/274877906944 1/274877906944 1/274877906944 -1/274877906944

Genentech 1/549755813888 1/549755813888 1/549755813888 -1/549755813888

Novartis 1/1099511627776 1/1099511627776 1/1099511627776 -1/1099511627776

Eli Lilly 1/2199023255552 1/2199023255552 1/2199023255552 -1/2199023255552

Amgen 1/4398046511104 1/4398046511104 1/4398046511104 -1/4398046511104

Genentech 1/8796093022208 1/8796093022208 1/8796093022208 -1/8796093022208

Novartis 1/17592186444416 1/17592186444416 1/17592186444416 -1/17592186444416

Eli Lilly 1/35184372888832 1/35184372888832 1/35184372888832 -1/35184372888832

Amgen 1/70368745777664 1/70368745777664 1/70368745777664 -1/70368745777664

Genentech 1/140737491555328 1/140737491555328 1/140737491555328 -1/140737491555328

Novartis 1/281474983110656 1/281474983110656 1/281474983110656 -1/281474983110656

Eli Lilly 1/562949966221312 1/562949966221312 1/562949966221312 -1/562949966221312

Amgen 1/1125899932442624 1/1125899932442624 1/1125899932442624 -1/1125899932442624

Genentech 1/2251799864885248 1/2251799864885248 1/2251799864885248 -1/2251799864885248

Novartis 1/4503599729770496 1/4503599729770496 1/4503599729770496 -1/4503599729770496

Eli Lilly 1/9007199459540992 1/9007199459540992 1/9007199459540992 -1/9007199459540992

Amgen 1/18014398919081984 1/18014398919081984 1/18014398919081984 -1/18014398919081984

Genentech 1/36028797838163968 1/36028797838163968 1/36028797838163968 -1/36028797838163968

Novartis 1/72057595676327936 1/72057595676327936 1/72057595676327936 -1/72057595676327936

Dow Jones Averages

Open High Low Last Chg.

Indus 3045.22 3045.22 3045.22 3045.22 -0.01

Trans 1742.74 1742.74 1742.74 1742.74 -0.01

Comp 1304.54 1304.54 1304.54 1304.54 -0.01

Standard & Poor's Indexes

High Low Last Chg.

Industrials 503.24 503.24 503.24 503.24 -0.01

Transp. 161.71 161.71 161.71 161.71 -0.01

Utilities 101.24 101.24 101.24 101.24 -0.01

Finance 41.24 41.24 41.24 41.24 -0.01

SP 100 434.71 434.71 434.71 434.71 -0.01

NYSE Indexes

High Low Last Chg.

Composite 261.34 261.34 261.34 261.34 -0.01

Industrials 101.24 101.24 101.24 101.24 -0.01

Transp. 21.24 21.24 21.24 21.24 -0.01

Utilities 11.24 11.24 11.24 11.24 -0.01

Finance 2.24 2.24 2.24 2.24 -0.01

NASDAQ Indexes

High Low Last Chg.

Composite 802.81 802.81 802.81 802.81 -0.01

Industrials 321.24 321.24 321.24 321.24 -0.01

Transp. 21.24 21.24 21.24 21.24 -0.01

Utilities 11.24 11.24 11.24 11.24 -0.01

Finance 2.24 2.24 2.24 2.24 -0.01

AMEX Indexes

High Low Last Chg.

Composite 101.24 101.24 101.24 101.24 -0.01

Industrials 101.24 101.24 101.24 101.24 -0.01

Transp. 21.24 21.24 21.24 21.24 -0.01

Utilities 11.24 11.24 11.24 11.24 -0.01

Finance 2.24 2.24 2.24 2.24 -0.01

NASDAQ Diary

Class Prev.

Advanced 1.01 1.01 1.01 1.01 -0.01

Declined 1.01 1.01 1.01 1.01 -0.01

Unchanged 1.01 1.01 1.01 1.01 -0.01

New Highs 1.01 1.01 1.01 1.01 -0.01

New Lows 1.01 1.01 1.01 1.01 -0.01

Spot Commodities

Today Prev.

Aluminum 1.01 1.01 1.01 1.01 -0.01

Copper 1.01 1.01 1.01 1.01 -0.01

Corn 1.01 1.01 1.01 1.01 -0.01

Crude oil 1.01 1.01 1.01 1.01 -0.01

Gold 1.01 1.01 1.01 1.01 -0.01

Silver 1.01 1.01 1.01 1.01 -0.01

Wheat 1.01 1.01 1.01 1.01 -0.01

Yield 1.01 1.01 1.01 1.01 -0.01

Zinc 1.01 1.01 1.01 1.01 -0.01

Iron ore 1.01 1.01 1.01 1.01 -0.01

Nickel 1.01 1.01 1.01 1.01 -0.01

Platinum 1.01 1.01 1.01 1.01 -0.01

Palladium 1.01 1.01 1.01 1.01 -0.01

Rhodium 1.01 1.01 1.01 1.01 -0.01

Ruthenium 1.01 1.01 1.01 1.01 -0.01

Selenium 1.01 1.01 1.01 1.01 -0.01

Tellurium 1.01 1.01 1.01 1.01 -0.01

Vanadium 1.01 1.01 1.01 1.01 -0.01

Zirconium 1.01 1.01 1.01 1.01 -0.01

Boron 1.01 1.01 1.01 1.01 -0.01

Cadmium 1.01 1.01 1.01 1.01 -0.01

Cobalt 1.01 1.01 1.01 1.01 -0.01

Europium 1.01 1.01 1.01 1.01 -0.01

Gadolinium 1.01 1.01 1.01 1.01 -0.01

Terbium 1.01 1.01 1.01 1.01 -0.01

Dysprosium 1.01 1.01 1.01 1.01 -0.01

Holmium 1.01 1.01 1.01 1.01 -0.01

Erbium 1.01 1.01 1.01 1.01 -0.01

Thulium 1.01 1.01 1.01 1.01 -0.01

Ytterbium 1.01 1.01 1.01 1.01 -0.01

Lanthanum 1.01 1.01 1.01 1.01 -0.01

Cerium 1.01 1.01 1.01 1.01 -0.01

Asian Markets Tumble Amid Fear Over Rates

HONG KONG — Hong Kong shares fell 4 percent Friday as institutional investors continued to quit the market amid persistent concerns over interest rates, traders said.

The Hang Seng index of 33 leading stocks closed down 380.82 points at 9,132.31, taking its losses for the week to about 773 points, or 7.8 percent.

Investors have been unloading Hong Kong stocks since the U.S. Federal Reserve Board pushed up interest rates on Feb. 4, said Paul Tagg, managing director of Matheson PFC Ltd. Higher rates on bonds, especially in the huge U.S. market, make stocks relatively less attractive to investors.

The U.S. central bank's move reminded investors they should return to focusing on fundamentals such as earnings growth rather than simply chasing yield, Mr. Tagg said. Investors sold Hong Kong shares because they realized the stocks were priced higher than fundamentals warranted, he said.

Eddie Kwok, manager at Nikko Securities, said some unit trusts, or mutual funds, were having to sell Hong Kong stocks because their clients were redeeming their holdings.

"It's a self-fulfilling prophecy," said Tony Smith, research director at SBCI Finance Asia. Investors were trading for short-term profits, he said. "They think it's going to go lower and they can buy the shares back cheaper tomorrow," he said.

Tokyo's Nikkei 225 average fell 112.71 points, or 0.60 percent, to end at 20,469.45.

Other Asian markets also ended the day down. Singapore fell 2.3 percent and Kuala Lumpur and both Manila indexes dropped, with brokers saying they were influenced by the fall in the Hang Seng.

Singapore's 30-share Straits Times Industrials index fell 49.63 points to 2,104.02 because of what brokers said was widespread foreign and local selling sparked by the sharp falls in Hong Kong. The Kuala Lumpur index fell 20.14 points to 1,007.60 in this trading.

The Manila Stock Exchange closed at 2,657.98 from an opening of 2,713.31 while Makati slid to end at 2,652.81 from 2,708.04.

"The market was spooked by Hong Kong's very steep decline," said Louie Bate of Baring Securities Inc. in Manila. "This prompted short-term players to abandon the market for now."

(Bloomberg, Reuters)

MIM Is Getting Back on Track Miner's Stock Rises as It Unwinds Diversification

By Michael Richardson

MELBOURNE — MIM Holdings Ltd., one of the largest zinc miners in the world and the eighth biggest copper producer, has not been a sparkling financial performer of late. With two of its main markets, Japan and Western Europe, deep in recession and its operations weighed down by high costs and unprofitable investments, including an extensive involvement with Metallgesellschaft AG in Germany, MIM reported a net loss of 18.5 million Australian dollars (\$13 million) for the six months ended Dec. 31.

Yet the company's share price has been buoyant in the past few months. The stock closed at 3.17 dollars Friday, down 3 cents on the day but up almost 66 percent since last Oct. 1, 1993.

Analysts say investors expect a resurgence in prices for copper, zinc, lead and other industrial base metals over the next few years as economic recovery spreads from the United States to Europe and Japan while strong growth continues elsewhere in Asia.

An upward trend in copper is already evident. The price has risen more than 20 percent since November, which translates into an increase of more than 52 million dollars in MIM's annual profit. At around 93 U.S. cents a pound, though, copper is still well below its peak of around \$1.50 in 1987-88.

Investors also seem to be impressed with MIM's program to reduce costs, dispose of noncore assets and develop mines in Australia and Argentina that could double its production of copper, zinc and gold by the end of the decade.

"We are looking to focus our operations on what we see as our core business in mining and mineral processing," Norman C. Fussell, MIM's managing director and chief executive, said in a recent interview.

To reduce debt and build capital to pay for expansion, the company agreed last month to sell a 13.85 percent stake in the Canadian mining house Cominco Ltd. for 215 million dollars. In January, MIM signed deals to sell

The aim was to reduce the company's reliance on its giant copper, zinc, lead and silver mines centered on Mount Isa in the Australian state of Queensland. But most of the investments produced losses or poor returns.

Chris Bain, senior research manager for resources at ANZ McCaughan Securities Ltd., said MIM was right to build on its strengths in mining and mineral processing.

But, he said, for the company to remain a leading global player it would have to strengthen its presence in Asia by establishing zinc and copper smelters in addition to those it controls in Australia and Europe.

MIM and its joint-venture partner, International Musco Explorations Ltd. of Canada, signed an agreement in January to spend \$600 million to develop a gold and copper deposit at Bajo de la Alumbrera in Catamarca Province in Argentina, about 1,000 kilometers (625 miles) northwest of Buenos Aires. Production is expected to start in 1997.

"It's a world-class deposit, and they paid a bargain price to get it," said John MacKinnon, a base metals analyst at McIntosh Baring Ltd.

Many analysts expect MIM to sell its 3.5 percent stake in Metallgesellschaft if it attempts to restructure the German group raise its stock price.

But disposal of a holding of almost 25 percent in the American silver, copper, lead and zinc producer Asarco Inc. is unlikely to occur quickly, especially if MIM returns to strong profitability. Asarco, which has historical ties to MIM, holds 13.1 percent of the company's equity.

MIM diversified in the 1980s by making passive investments in North American mining companies, buying coal mines in Australia and entering the zinc and copper smelting business in Europe, mainly with units of Metallgesellschaft.

The financial crisis at Metallgesellschaft has "certainly accelerated MIM's desire to reduce its passive investments and increase its operational control," Glenister Lamont, senior resources analyst at Potter Warburg Securities Ltd., said.

Minority holdings in two other mining companies, Renison Goldfields Consolidated Ltd. of Australia and Granges Inc. of Canada, for 96 million dollars.

The financial crisis at Metallgesellschaft has "certainly accelerated MIM's desire to reduce its passive investments and increase its operational control," Glenister Lamont, senior resources analyst at Potter Warburg Securities Ltd., said.

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Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
1200	200	2000
1100	100	1000
1000	0	0
900	-100	-1000
800	-200	-2000
700	-300	-3000
600	-400	-4000
500	-500	-5000
400	-600	-6000
300	-700	-7000
200	-800	-8000
100	-900	-9000
0	-1000	-10000
1993	1993	1993
1994	1994	1994
1995	1995	1995
1996	1996	1996
1997	1997	1997
1998	1998	1998
1999	1999	1999
2000	2000	2000
2001	2001	2001
2002	2002	2002
2003	2003	2003
2004	2004	2004
2005	2005	2005
2006	2006	2006
2007	2007	2007
2008	2008	2008
2009	2009	2009
2010	2010	2010
2011	2011	2011
2012	2012	2012
2013	2013	2013
2014	2014	2014
2015	2015	2015
2016	2016	2016
2017	2017	2017
2018	2018	2018
2019	2019	2019
2020	2020	2020
2021	2021	2021
2022	2022	2022
2023	2023	2023
2024	2024	2024
2025	2025	2025
2026	2026	2026
2027	2027	2027
2028	2028	2028
2029	2029	2029
2030	2030	2030

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

• NEC Corp. and Hewlett-Packard Co. will jointly develop compact, low-priced ink-jet color printers, a spokesman for NEC said.

• Asahi Mutual Life Insurance Co. said it planned to cut its work force by 7 percent, or 650 people, in the next three years.

• Kankaku Securities Co. was ordered by the Japanese government to suspend its transactions with corporations for two weeks starting next Friday; officials said the brokerage had resold securities on which major customers were showing losses with promises to repurchase them from the new buyers at higher prices, an illegal practice that helps clients avoid reporting losses on their accounts.

• Jardine International Motor Holdings Ltd., a unit of Jardine Matheson Holdings Ltd., said its 1993 net profit rose 23 percent, to \$73.2 million, as its European and Australian businesses staged a recovery.

• The Singapore International Monetary Exchange said it had obtained licensing rights to trade futures and options on the new Nikkei 300 stock index; the Simex said it would continue to list the Nikkei 225 stock index contract.

• Neptune Orient Lines Ltd. said its 1993 group pretax profit rose 160 percent, to \$5.6 million Singapore dollars (\$60 million).

• DuPont Co. opened its first office in Vietnam, where it hopes to develop its business in the insecticide, construction and textile sectors.

• Taiwan is to cut tariffs on 74 items by as much as 50 percent at the end of March, in line with demands from the United States, a customs official said.

AFP, AP, Knight-Ridder

CHIPS: Japan Meets a Target

Continued from Page 9

oriented" approach that Washington took in the recent negotiations under the new trade framework between the two nations.

But Japan, saying it had a bad experience with the semiconductor accord, refused to agree to any more numerical trade targets. A deadlock on that issue led to the collapse last month of the talks on automobiles, insurance, medical equipment and telecommunications.

Since then, the Clinton administration has been pressuring Japan to yield to U.S. demands. Japan's concessions last week in a cellular telephone trade dispute, combined with the sharp rise in semiconductor market share, could reinforce the administration's belief that pressure on Japan works.

One reason for the muted response to the new figures by the American side is that it has been disappointed before. In the fourth quarter of 1992, foreign share rose

by more than 4 percent and inched above 20 percent, just in time to meet the deadline. An overconfident American industry proclaimed that market access problems were virtually solved and a new era had begun.

But in the first three quarters of 1993, the market share dropped steadily.

"Our hopes for sustained progress in opening the Japanese market were dashed last year by the sharp decline in foreign share in the next three quarters," said Andrew Proccassini, president of the Semiconductor Industry Association.

He said on Friday that Japan should not become "complacent" again, and he called for foreign-market share to grow in 1994 by the same rate it did in 1993, which was 2.7 percent higher than in 1992.

Japan says it sees no need for a new market-opening measures because the agreement is already working.

Honda Weeds Out Lackluster Managers

Continued from Page 9

TOKYO — Honda Motor Co. said Friday it would adopt a new personnel policy that threatens unproductive managers with demotion and pay cuts, a move analysts said is part of a broader whittling away of Japan's lifetime employment system.

"Japanese carmakers must grasp the nettle of employment reform and Honda is starting to do so," said Andrew Blair-Smith, an analyst with Barclays de Zoete Wedd Securities.

Nihon Keizai Shimbun, Japan's leading financial newspaper, said the program would have a "great impact" on other industries.

Under the Honda program, managers who fail to win promotion within eight to 12 years will be demoted and their salaries cut by as much as 30 percent, a company spokesman said. The program will affect about 4,500 of the company's 43,000 employees.

The carmaker will also improve incentives for employees deciding to take early retirement.

Honda's move echoes changes at other car companies that, faced with weak demand and overcapacity, are struggling to cut costs, improve management flexibility and link paychecks more to performance and less to seniority alone.

Previously, Honda has cut production hours at some plants and shifted workers to sales outlets. The company also has introduced performance-based bonuses for its managers.

In other news involving Japanese automakers, Toyota Motor Corp. and Nissan Motor Co. both said Friday that their domestic sales, as well as their exports, fell in February from their levels a year before.

They said the drops were a result of recession and stiffer global price competition stemming from a higher yen.

Toyota's domestic sales of motor vehicles dropped 9.5 percent to 163,267 units, giving the company a 31.4 percent share of Japan's market. Its exports were down 11.6 percent to 124,919 units.

Nissan's sales in Japan fell 14.9 percent to 142,965 units. Its exports slumped 30.1 percent to 45,070.

(Reuters, AP, AFP)

Wage increases decided in this year's spring wage negotiations, known as *shunto*, are likely to be the lowest ever, Reuters reported from Tokyo, citing economists' forecasts.

Private economic institutes predict an average wage increase of less than 3 percent for the year starting April 1, the lowest on record. The average last year was 3.89 percent. Management negotiators in many industries will present their first offers next Thursday.

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1993 NET INCOME OF 3,574 MILLION

Consolidated LVMH Moët Hennessy Louis Vuitton net income for 1993 amounted to FF 3,574 million, up 19 % from the 1992 level. This figure includes non-recurring income of FF 602 million, primarily reflecting capital gains on the disposal of RoC. Excluding non-recurring items, consolidated net income totalled FF 2,972 million, basically unchanged from the comparable 1992 level.

Consolidated sales in 1993 totalled FF 23,819 million, an increase of 10 % over the prior year. Income from operations rose by 2 % to FF 5,614 million.

Major Consolidated Highlights

In FF millions	1992	1993
• Sales	21,658	23,819
• Income from operations	5,486	5,614
• Net income, Group share, excluding non-recurring items	3,007	2,972
Net income, Group share	3,007	3,574

Following a difficult first half, the recovery in a number of geographical markets important to LVMH, which generates 85 % of its sales outside of France, had a very favorable impact on the Group's sales in the third and particularly fourth quarters of 1993. The strong growth in sales recorded in late 1993 continued in January and February 1994. In the first two months of the year, consolidated sales grew by 28 % over the comparable 1993 period.

THE MONEY REPORT

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FIRST COLUMN

Managerial Personality Problems

Is investing in shares a good thing? The results of looking at the investment performance of any major market over the past twenty (or thirty, or forty) years reveal that this is an easy question to answer. And that answer is a resounding, if qualified, yes.

The caveats are that risk should be spread, and that the investment should be made over a long period. All major markets have outstripped the enemy of personal saving — inflation — in the second half of this century.

Of course, as soon as there is talk of diversification of risk and a long-term holding, the next phrase on our lips has to be "mutual fund." For mutual funds offer access to a variety of markets through an easily understood medium, and even their marketing literature underlines their nature as an investment for the long term.

So why is the world's fund industry running the risk of getting itself a bad name? There are two reasons. One is the industry's own fault, the other is not.

Perhaps the biggest flaw in the way mutual fund groups deal with the investing public today is their lack of communication. Many fund management firms, especially the U.S. groups, like to emphasize the cult of personality. The public reads promotional material that tells them a fund is being managed by a star, and they buy. What they buy, of course, is not so much the fund, but the star. But what happens when the star's performance fades a little? Or when the star is lured away to shine in another group's galaxy? Very little, is the answer.

It would be unreasonable to expect fund groups to trumpet poor performances from trusted managers, or to point out that key employees have been lured away. But if investors are brought in on the cult of the personality, they should at least get a full statement of the investment manifesto when the manager changes. This is not always done. It should be.

The undeserved opprobrium for fund managers is the fault of the regulators. Managers often look bad because of strange local regulations which are either too strict, or too lax, and often unsuited to the increasingly international nature of fund investment.

M.B.

Casting an Eye on Funds' Liquidity

By Conrad de Aenlle

ONE long-serving indicator of American stock market sentiment — and hence direction — has turned murky in the last few years. Mutual fund liquidity, measured by the percentage of fund assets that managers keep in cash, is supposed to dry up before the market falls and increase to extremes before an advance. But in the last two significant declines, in 1987 and 1990, cash levels stayed high and the indicator did not provide the warning it should have. Since 1990, its record has remained spotty.

The liquid assets ratio stood at 8.3 percent in January, the most recent month for which the Investment Company Institute had compiled figures. That's up from 8 percent in December and about the same level as in the spring of 1991, when the Dow Jones industrial average was below 3,000, almost 1,000 points away from what so far is its all-time high, set several weeks ago. Since then it has hovered between 7.2 and 9.6, historically quite ordinary numbers.

The last extreme — and useful — reading came at the bear market bottom in the fall of 1990, when the ratio hit 12.9 percent, the highest ever recorded in the 30-plus years that the ICI has kept track of it. During the 1960s and 1970s, by contrast, readings in the 4- and 5-percent range were routine.

There are several opposing forces in today's fund market that tend to herd the liquid assets ratio toward the middle.

"We know there's a larger percentage of retirement funds reflected in the data," Betty Hart, ICI's chief spokesman, pointed out. "At least a third of the accounts, perhaps 40 percent, are retirement assets. That money is by definition longer term, and it is our belief that people just don't move that money with the same rapidity as they might shift assets that are not in retirement funds."

That allows fund managers to be more daring and keep less of their assets in reserve as cash. On the other hand, Mrs. Hart remarked, much of the money in customers' ordinary accounts is treated much differently.

"When the liquid assets ratio was created, first, shareholders couldn't switch in and out of funds like they can today," she said. With assets more mobile, managers have to hang on to more of it in cash.

She noted, too, that there is a far greater variety of equity funds now, and so "individual indicators probably lack the predictability that analysts thought they had in the past."

Fund switching is only one of the new complexities of the fund business that, with faster-

moving markets, force managers to seek more room to maneuver, meaning more cash.

"I think there's so much variance; a fund manager is put in the difficult position of trying not only to forecast the market, but to forecast how his shareholders are going to react to what happens in the market," said Bill McBride, international editor at Lipper Analytical Services. "He faces problems in big moves. When the market moves up, the problem is investing cash and finding good investment ideas; that's been increasingly hard. When the market's down, it's a matter of jettisoning positions that one thought were good, then of redeeming shares."

Managers of funds sold through brokers have an easier time of it, he added, because shareholders tend to keep their investments nearly twice as long as those in direct-marketed funds. Likewise, some funds have a core of stable institutional shareholders and so may need to keep less cash.

Two other recent developments complicate matters, but they help to push cash levels lower. One is the widespread use of derivatives. A fund manager who would otherwise raise cash to take a more defensive posture will instead sell stock index futures contracts or buy put options. What has also changed is the demand of many shareholders that their fund managers stay fully invested and not miss the slightest market advance.

John Ballen, head of equity portfolio management at Massachusetts Financial Services, said such demands would never influence managers at his company.

"We manage the funds in the best interests of shareholders," he declared. "If people don't like the management of any particular fund, they're free to sell the securities. They shouldn't and don't impact portfolio managers' performance."

But he added that the philosophy at Massachusetts Financial is to remain close to fully invested whenever practical.

"We make the assumption that investors want to be invested in the type of fund they're in," he said. "If you knew the Great Depression crash was coming up, sure you'd do something about it, but there isn't one fund that's employed a successful cash strategy that I'm aware of. If you look at those few managers who raised cash before the crash of '87, they've had poor performances over time."

"It's a positive-bias game, the stock market. You've got to be much smarter than most to call the turns, and most managers have proven quite average."

Bearish sorts say such thinking prevails around market tops and that is why the liquid assets ratio works. They explain away the relatively high ratios during a time in which many other sell signals are flashing by pointing to the

Mutual Funds

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U.S. funds ever-bigger
Picking portfolio managers



unprecedented and persistent flow of money into funds over the last several years.

"Mutual fund managers always say it's just a matter of money coming in and they haven't been able to put it into the market," said Bernadette Murphy, a technical analyst at M. Kimmelman & Co. "They always say that, but it's still the case that when cash levels are low, the market tends to fall and when they're high, it tends to rise. Whatever the cause, it still works as an indicator."

Not perfectly, though. She conceded that it is "probably better at calling bottoms. Cash can stay at relatively low levels for a long time." Despite the changes over the decades, bottoms usually look like bottoms, with the liquid assets ratio climbing to 11 or 12 percent.

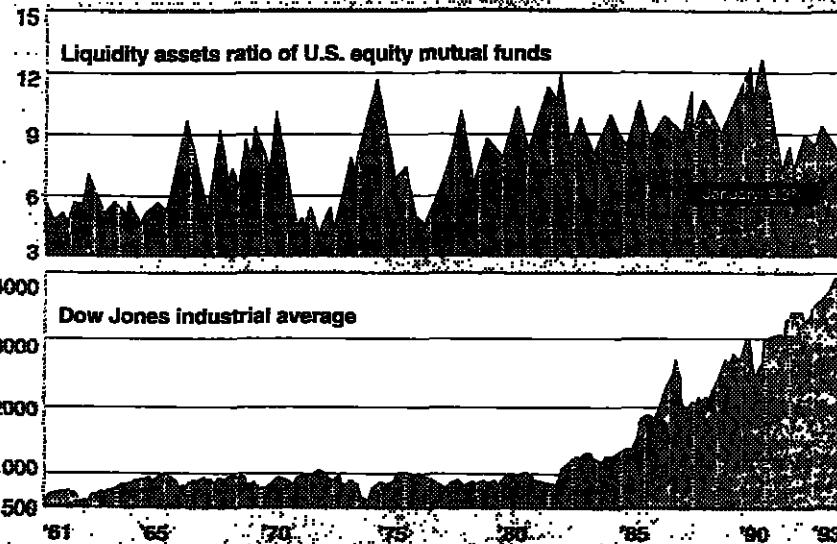
But the low-water mark has crept higher; even if optimists take courage by noting that 8 percent historically has not been a worrisome level, others say that history is not what it used to be.

"In recent years, the low point was 7.75 to 8 percent," Mrs. Murphy said, "so it means we're at the lower end of the range of cash to assets since the early '80s." While she said she finds that to be "not alarming," she would be more comfortable if there was more cash in the bond funds. "Although the liquid assets ratio has been applied almost exclusively to equity funds as an indicator for the stock market, the level of cash in government bond funds, which has held near 1 percent for several months, is extremely low."

Mr. McBride, too, is getting a bit anxious. He noted that "funds tend to have more cash at the end of the year. The managers are rethinking their portfolios, especially after a good year. The inclination is to say, 'I'm not going to find value here, I'm not going to move quickly here to get that money invested.'" But that hasn't happened. "I don't see a huge, inordinate amount of cash in the funds for the situation we're in now, this time of year, where the market is," he said. "That doesn't speak well for the market."

The Money Report is edited by
Martin Baker

Charting Mutual Fund Cash Levels



Sources: Datastream, Investment Company Institute

International Herald Tribune

Income Funds Thrived On the Slump in Rates

By Rupert Bruce

PERHAPS the biggest single cause of the great inflow of small investors' money to the mutual fund universe has been the decline in interest rates in the United States and, latterly, in Europe. Equity income funds — which are meant to provide an income — seemed the natural alternative to many investors. But, paradoxically enough, they have given a better total return during the last three years than equity growth funds — which are meant to provide the best growth in capital.

But John Bockmann, senior investment manager at M&G Group in London, regards this as far from strange. He says it is natural for high-yielding equities to do relatively well at the beginning of an economic cycle. "They outperform at the beginning of the cycle; they then go into a period of limbo; and then start to underperform at the end," he says.

Richard Mace, portfolio manager of Fidelity International Growth & Income Fund, said that high yielding shares outperform in the early days of an economic cycle every-

where in the world. In practical terms, however, investors are most likely to have noticed it in the United States, Europe, and Hong Kong. Most of Asia has few shares with reasonable yields because they are much more expensive than elsewhere.

The standard explanation for this high level of performance during the early economic cycle is twofold. Looked at from the investor's point of view, he is willing to pay more for income when interest rates are falling, so income shares tend to rise.

From the company's point of view, life is easier when interest rates start to fall and the economy picks up. Those with high payouts in a recession are often those which are regarded as being in trouble, and possibly unable to maintain dividends. Therefore they are the ones with the most to gain.

European statistics from Micropal, which measures investment fund performance, bear this out. During the past three years, when European governments have been cutting rates to stimulate growth, the average equity income fund has given a total return of 27.3 percent, while the average equity growth fund has returned 18.9 percent.

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American Growth	31	5	79
Far Eastern Growth	24	5	44
Japanese Growth	3	95	-
European Growth	23	7	60
UK Growth	31	1	42
Global Bond	135	-	-
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Positions are to 1st March 1994 and are on an after-tax US Dollar basis, inclusive of reinvested income, net of withholding taxes. Source: Micropal.

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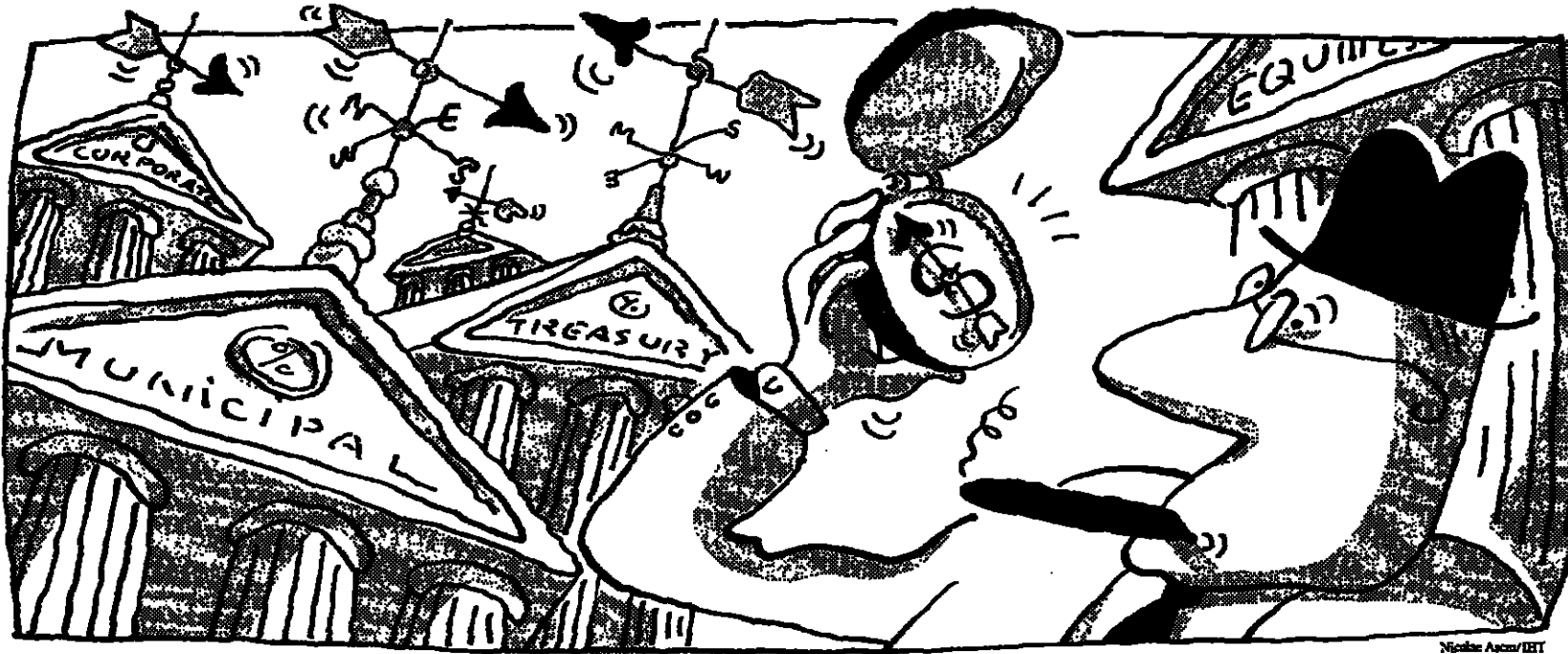
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THE MONEY REPORT



In Choosing a Fund, Look for a Brainy Manager

By Philip Crawford

CHOOSING a mutual fund under relatively sunny skies can be daunting enough. But the recent volatility in global bond and equity markets has made such a decision even more intimidating, particularly for the small or novice investor.

With thousands of funds to choose from internationally, the questions involved in even beginning to narrow down the field are myriad: How relevant are past returns? Are some fund companies better than others? How useful are investment newsletters? Is a specific time frame needed? How much risk to court? And a pertinent question of the moment: Should one be afraid of emerging markets?

Investors trying to choose a fund without the assistance of a professional financial adviser often start by studying published performance tables compiled by such fund-tracking organizations as Lipper Analytical, Micropal and Morningstar. Such an approach takes caution, however, as it can be difficult to resist rushing one's next egg into a fund that has showed terrific returns over a recent time period. Analysts emphasize that past performance, while useful as a guide, is obviously not a foolproof predictor of future returns.

"The point of historical information is to provide some technical indicator for the future and to see how you are likely to have fared in the past," says Christopher Poll, Micropal's chief executive. "But looking at two arbitrary points in time says nothing. One needs to look at the consistency of returns, and also at the fund's volatility."

Mr. Poll said that if a fund's performance was in the upper quartile in its sector for three consecutive six-month periods, such a record constituted a basic consistency. "And

if a fund is consistent in the past," he added, "the odds favor it being consistent in the future."

Do-it-yourself investors also frequently turn to some of the hundreds of available market newsletters for help, some of which concentrate solely on analyzing funds or have model fund portfolios. One publication, the Virginia-based Hulbert Financial Digest, even rates the newsletters by showing investors how they would have made out if they had followed each publication's advice. But rating the past performance of newsletters in regard to the future involves, of course, the same pitfalls as rating individual funds.

Let's say, however, that you've scanned volumes of historical data and have found some funds that show a consistent track record of high returns relative to the market conditions in which they were achieved. Is that where the search stops? Not advisedly, say experts. Ringing up the fund company to investigate matters such as who is currently managing the fund (it may not be the same person who racked up the impressive gains) and the particulars of the fee structure is also a prudent thing to do.

"When you're buying a fund, you're buying brains," said Cella Quinn who runs an investment advisory firm in Omaha, Nebraska. "I want to know that those brains have been through a bear market. Also, the fund industry has expanded so much in recent years that one has to ask, 'Where have all these new managers come from? Maybe not all of them have quite the amount of experience one would want.'"

According to some estimates, half the fund managers in the United States have less than five years' experience managing a fund, and only 10 percent have 10 years' experience or more.

Charges, of course, can vary widely from

fund to fund, and investors can often be shocked to see their reported return whittled down by several percentage points. Guaranteed funds, for example, are notorious for having to return 5 or 10 percent before investors ever see a penny.

"If a fund company's charges are significantly out of line with those of most others, I won't even consider using them," said Roger Gonsalves, a director of Holden Matthews, a firm of independent financial advisers in London. Mr. Gonsalves added that, in steering clients toward the products of this or that fund company, he also felt that the fund manager's skill was the primary consideration. "They're the ones we ultimately put our trust in," he said. "They meet with the companies, go through their accounts, and are in a position to see where the companies are going."

Some financial counselors say that retail investors would also be wise not to accept general descriptions of a fund's investment objective, such as "health care" or "small European companies." Why? Because requesting a detailed outline of the portfolio can yield valuable additional information.

"If you're buying a car, you don't just take the salesman's word for it that it's a great deal, you spend a lot of time checking it out," said Somers White, a management and financial consultant based in Phoenix, Arizona. "Yet people will commit their liquid assets to a fund that they may not know much about. At least take a look at the portfolio and see if there are a few names you recognize."

According to Miss Quinn, making a few elementary decisions at the outset of the search for a fund can effectively narrow down the intimidating range of products. The paramount consideration, she says, is assessing one's own financial needs. "You have to ask yourself questions like, 'Do I

need the money in one year, three years, or 20 years? Do I want rising dividends? Do I want some international exposure? Do I want a value fund or a growth fund? And, naturally, how much risk am I willing to court?' Each decision you make narrows down the number of funds to choose from significantly."

Assuming that the term "risk" means the probability of losing money, there is, of course, a conventional wisdom regarding which types of securities, or funds investing in them, hold the highest risk. Treasury bonds and notes have often been perceived as the safest securities, followed perhaps by highly rated corporate and municipal bonds, blue-chip equities, and on down through the layers of debt and equity instruments that carry varying and constantly changing degrees of speculation.

"The risk decision is an emotional one," said Miss Quinn. "If you don't feel comfortable with your investment, you've made the wrong investment."

The emergence of new global markets has also made geography one of the criteria for modern-day fund picking. The stellar 1993 performance of many Pacific Rim markets, for example, attracted billions of dollars from investors in the United States and Western Europe.

Mr. Poll of Micropal, noting that all markets have their ups and downs, said that investors seeking fund products should indeed diversify geographically. He suggested a strategy of placing a third of one's investment capital in each of three areas: one's home country, developed international markets and emerging markets. "With emerging markets, it's also important not to take a short-term view and not to panic when there's a downturn," he said. "If you sit with it, in the long term you'll make significant sums of money."

To Sell on Continent, Funds Strive to Bridge Cultural Gap

By Jacques Neher

PARIS — "What do Napoleon III, Prince Talleyrand, the Duke of Richelieu and Phileas Fogg have in common?" asks an ad in a French personal investing magazine. Turning the page, the reader learns that "they all chose the financial expertise of Barings."

The ad, by Baring International Fund Managers (France) SA, illustrates the challenge facing the world's major investment fund managers as they try to figure out how to win the investor's confidence and break down cultural, historical and traditional barriers in order to sell their shares across Europe's borders.

Despite a European Commission directive that legally opened the way for cross-border sales of funds in the late 1980s, the task has been so daunting that relatively few international fund managers have been willing to invest the time, resources and money to establish themselves in the huge Continental fund market.

"There's a sense that the fund regulations have worked well for just a few and have yet to be taken advantage of by many," said Brian M. Storms, managing director of Fidelity Fund Management in Luxembourg.

While legal obstacles have disappeared — a fund approved in any country of the European Union can be sold in any other — the institutional barriers remain formidable to would-be newcomers.

"The competitive environment is such that you are up against major banks that historically have had a lock on the business and which still present outsiders with a significant distribution challenge," Mr. Storms said.

Fidelity, in fact, since 1991 has been taking a second swing at the Continent. In 1987, the American investment fund giant barreled into France — the second-largest fund market in the world — and quickly found out that its American marketing experience was useless in this market. It tried a direct-marketing approach that, combined with the effects of that year's October crash, proved a resounding failure, and Fidelity soon pulled out.

"We didn't have a well thought-out business strategy," Mr. Storms admits in hindsight. "We weren't prepared."

Competitors are harsher, saying that Fidelity had not made an effort to understand the market it was entering, simply assuming that French investors would respond to the American hard-sell approach.

"They were too aggressive with a selling style the French weren't ready for," said Graham Fairbank, head of Publifine, Barings' Paris advertising agency.

He said that "up to now, Sicavs" — as French mutual funds are called — "weren't sold, they were bought."

The few fund managers that are actively pursuing the cross-border market are taking different tactics in their marketing, advertising and distribution approaches.

Fidelity, in its comeback, has initially focused on Germany, Switzerland and Austria, where it has been trying to encourage such intermediaries as banks, insurance companies and investment advisers to distribute its 25-family umbrella fund. It is also spending big in advertising — "several million dollars," Mr. Storms said — to generate direct sales and, at the same time, underpin the efforts of the intermediaries.

The Luxembourg-based Fidelity Fund now claims assets approaching \$3 billion in Europe, up from \$600 million 14 months ago. Nearly 15 percent of the volume is coming through direct sales, Mr. Storms said. In addition, Fidelity has sold Europeans \$400 million worth of shares in its multicurrency fund based in Bermuda.

Mr. Storms is planning to return to France "within several months," but this time, in pursuit of a "long-term multidistribution strategy" resting initially on sales through insurance companies and smaller banks that may not have their own funds to offer.

"I don't imagine that the big French banks like Société Générale or Crédit Lyonnais will be waiting for my arrival," he said.

A similar approach is being taken in France by Baring, whose target market is not the final investor, but rather about 100 financial intermediaries who, the British company hopes, will enthusiastically sell its offering of 10 unit trusts and an insurance product to their customers.

The strategy has been cost effective. With its focused marketing program, supported by around 1 million francs (\$175,000) of advertising investment last year, the Par-

is office now accounts for 10 percent of total Baring fund sales according to Julian Rameau, managing director.

A different approach is being followed in France by Flemings, which decided in 1989 to market its flagship fund primarily through its own direct sales force.

Martial Chaiet, managing director for Flemings Finance SA, said he oversees 98 financial advisers — up from 70 last year — who sell Flemings unit trusts, as well as insurance and real estate products, developed by outside partners. He aims to eventually build a sales force of 500.

The expensive and risky strategy, he said, was required because of the poor alternatives. Independent financial advisers, he said, were of poor quality, lacking any professional statute or qualifications. The big banks were more interested in selling their own funds, institutional funds such as retirement funds were too conservative, shying away from international markets. And, looking at Fidelity's experience, he concluded that France was not yet ready for direct marketing.

By the end of 1993, Mr. Chaiet said, Flemings' French sales force had collected 1.5 billion francs from 5,000 customers, or about 300,000 francs a customer. He aims to add 1 billion francs to the total in 1994.

Rodney Williams, a director with Flemings Fund Management in Luxembourg, said France is the only country in which Flemings employs a direct sales force. It sells through intermediaries in Germany and Italy.

"You have to think European, and act locally," Mr. Williams said. "You have to respect local customs and procedures."

Despite the differing distribution approaches, fund marketers agree that the biggest hurdle to breaking across European borders is to build enough confidence so investors will feel safe putting their money in a "foreign" fund.

"In all our investor focus groups, two words come up consistently — tradition and stability," Mr. Storms said.

Looking ahead, fund promoters say Europe holds great potential for cross-border fund marketing, particularly as state-run pension systems face long-term funding crises and Europeans are forced to think more about investing for their retirements.

"The pension situation will dominate what we do here for the next 10 years," Mr. Storms said.



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Managed Funds: Be Sure to Get What You Pay For

By Iain Jenkins

money drying up," said Bill McBride of Lipper Analytical Services in New York. "These markets are unlikely to recover until the U.S. market becomes more settled."

He argues that U.S. money, which was behind much of last year's gains in emerging markets, will stay closed to home for the time being. Bonds are starting to look attractive in American and Europe which will take attention away from Asia, Latin America and eastern Europe.

Some big fund managers, such as Soudeur in America, are more optimistic. They see the recent correction in some markets as a good buying opportunity. For them,

But whether these emerging markets fall another 20 percent or the recovery starts now there is no doubt that investor confidence will return to these faster growing economies. The constant refrain from emerging market "bulls" is that developing countries contain around 80 percent of the world's population but only account for around 20 percent of world GDP.

Mutual fund assets in billions of dollars.

Year	Equity	Bond & Income	Money Market	Total
1993	~400	~200	~100	~700
1994	~450	~250	~150	~850
1995	~500	~300	~200	~1,000
1996	~550	~350	~250	~1,150
1997	~600	~400	~300	~1,300
1998	~650	~450	~350	~1,450
1999	~700	~500	~400	~1,600
2000	~750	~550	~450	~1,750
2001	~800	~600	~500	~1,900
2002	~850	~650	~550	~2,050
2003	~900	~700	~600	~2,200
2004	~950	~750	~650	~2,350
2005	~1,000	~800	~700	~2,500
2006	~1,050	~850	~750	~2,650
2007	~1,100	~900	~800	~2,800
2008	~1,150	~950	~850	~2,950

Legend:
■ Money market
□ Bond & income
■ Equity

Mutual fund assets in billions of dollars.

Year	Equity	Bond & Income	Money Market	Total
'80	45	45	55	145
'81	55	55	65	175
'82	65	65	75	205
'83	75	75	85	235
'84	85	85	95	265
'85	95	95	105	295
'86	105	105	115	325
'87	115	115	125	355
'88	125	125	135	385
'89	135	135	145	415
'90	145	145	155	445
'91	155	155	165	475
'92	165	165	175	505
'93	175	175	185	545

Source: Securities Industry Assoc. DRI

Mutual fund assets in billions of dollars.

Year	Equity	Bond & Income	Money market	Total
1983	400	400	400	1,200
1984	450	450	450	1,350
1985	500	500	500	1,500
1986	550	550	550	1,650
1987	600	600	600	1,800
1988	650	650	650	1,950
1989	700	700	700	2,100
1990	750	750	750	2,250
1991	800	800	800	2,400
1992	850	850	850	2,550
1993	900	900	900	2,700
1994	950	950	950	2,850
1995	1,000	1,000	1,000	3,000

Source: Securities Industry Assoc. DIT

"You should always ask for performance figures," he said. "I wouldn't dream of investing with a portfolio manager who was unable to show me a good track record."

He adds that some portfolio managers refuse to do this and claim the variety of individual portfolios makes it impossible to put together meaningful past performance figures.

"Some portfolio managers say there are too many variables involved, or say the performance depends on when the portfolio was invested," he said. "Nonsense. Insist on seeing at least a representative portfolio."

He says that investors should also look at the resources the manager has. A one-man business will be hard-pressed to fully monitor a range of portfolios and may end up turning in a mediocre performance. "No matter how many people at dinner parties try to tell me they sit at home and do the whole thing themselves I remain unconvinced. My desk is littered with research. Some I'll read, some I'll pass on to colleagues, but most of it will end up in the bin unread. There isn't the time to take it all in, so trusting all that to one individual is a high-risk business."

"If you go back to July 1990 there has been a possibility for one or two months that something might be going on between Iraq and Kuwait. It could be that before that blew up, with the best intentions in the world, you put in half your client's money. Then two days later the decision may have been made to pull out. After that the market fell by about 30 percent. Whatever the client lost coming out on the day the market started falling would certainly be less than if he stayed in."

Although the general debate over whether or not a managed portfolio brings any tangible benefits may never be conclusively resolved, there are two areas where portfolio managers appear to have a distinct advantage.

One is their tendency to help investors

hold their nerve when the market they are following takes a down-turn. Mr. Knight Bruce claims too many investors are prompted to move in or out of funds at the wrong time. They often buy at the top of the market and sell at the bottom — the opposite of what they should be doing.

The second, and possibly more tangible benefit, is the economy of scale available to some portfolio managers that private investors can rarely match. Large investors are able to negotiate discounts with fund managers which are passed on to their portfolio investors.

By Judith Rehak

which the portfolio manager switches among equity, bond and other sectors. This category has been attracting money at Fidelity and T. Rowe Price, the Baltimore no-load manager, where a best seller this month has been its Spectrum Growth Fund, which invests in other Rowe Price funds, ranging from U.S. small companies to international equities.

The international investing craze that swept the United States in 1993 has boosted assets of foreign equity funds to 20 percent of all equity funds. Investors pumped a

whopping \$6.9 billion of cash into overseas funds in January, topping all stock categories. One reason: The year-end performance parade which showed an average total return for non-American equity funds of 39.40 percent, compared with 12.54 percent for their domestic counterparts.

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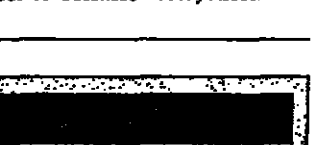
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Massachusetts Financial Services, a Boston money manager. But he emphasized that money was not leaving the fund complex. "Rather, we're seeing far more in exchanges into our money market funds. It's a defensive move."

There are other signs that the bond fund boom is winding down. As fixed on 30-year U.S. Treasury bonds tilted with 7 percent last week, a full percentage point rise appeared heading repeated warnings about the damaging effect of increasing interest rates on fixed income investments, particularly longer term vehicles. The fund giant Fidelity was reporting that more than 90 percent of its bond fund sales were in short-term offerings. Money flows at Franklin/Templeton, a major bond fund manager, were moving from short-term to short-term funds as well. "Because we're broken-sold, it looks as if our investors are being advised to shorten their maturities," said Virginia Marans, a spokeswoman.

Nervous investors are also switching into equity offerings. Cash flow into equity funds soared to an all-time record of \$18.3 billion in January, and for the first time since 1965, there was more money in stock funds than bond funds, according to Betty Hart of the Investment Company Institute.

But with fears that the stock market is overvalued, many investors are opting for less risky equity funds. At Oppenheimer Management, the second-best seller right now is its Total Return fund, which is mostly conservative equities with small fixed-income component.

"I call it the 'Chicken Little' fund," said Jon Fossel, Oppenheimer's president. Also finding favor

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SPORTS

Norway's Skiers
Close the Season
With a Big Day

Reuters — Jan Einar Thorsen won the season-ending men's super giant slalom to seize the super-G title, and Kjetil Andre Aamodt clinched the overall crown on a glorious day for Norway at the World Cup Finals.

Triumph for both Thorsen and Aamodt, who finished fourth in the race Thursday, came at the expense of Marc Girardelli of Luxembourg, the five-time World Cup champion, whose 10th place finish put him 5 points behind Thorsen for season honors in the super-G.

Thorsen won the race in one minute 15.82 seconds. Lasse Kjus gave Norway more reason to celebrate by finishing second in 1:16.26.

Hans Knaus of Austria spoiled a Norwegian sweep by taking third place in 1:16.40, two-hundredths of a second faster than Aamodt, a triple medalist at the Lillehammer Olympics.

Aamodt, with an unassailable 285 point lead over Girardelli with two races to go, became the first Norwegian ever to win the World Cup overall championship.

Third place in the season's standings went to the American Tommy Moe.

Moe, who won the downhill and took silver in the super-G at the Olympics, finished sixth in 1:16.49.

Thorsen said he skied aggressively because he wanted to snap a string of two fourth-place finishes in the super-G standings.

"I didn't expect at all to win," said Thorsen, who was shut out at Lillehammer. "My goal was to have a great run because I was tied for third in the standings," with Gunde Mader.

Austria's Mader was 12th in the race in 1:16.86 and finished fifth in the standings behind Aamodt.

Girardelli would have captured the super-G crown — the only discipline title he has not won — if he had finished eighth in the race.

"I had a bad run in the lower part," said Girardelli, who needed to be 13-hundredths of a second faster to add to his collection of three slalom, two downhill and one giant slalom championships.

It was a bad day for the Swiss, who saw two of their top racers fall. William Besse, who won Wednesday's downhill race, was taken to a hospital with a knee injury, and Marco Hangl had a spill that cut him around the mouth.

At 22, Aamodt has already won 10 World Cup races, two world championship golds, an Olympic gold and four other Olympic medals in addition to the coveted overall World Cup championship.

"I had more victories last year than this year, but I was better all-around this year, from slalom to downhill," said Aamodt, who won five races last season compared to three in this one.

"Last season looked better. I had more victories. But I think this is a better season. Among my goals this year was the Olympics, but the most difficult goal, the highest value, was the overall title and this I accomplished."

Aamodt said he had great respect for Girardelli, 30, but felt he had shown that he belongs on top after coming close to dethroning the Austrian-born racer last year.

"It's a fantastic record to win five overall titles," Aamodt said. "That's a hard thing to do. I will not focus on winning five titles. I will focus on being a better athlete. The goals will come."

"I think Marc won his first overall title at 21," he added. "I'm one year behind already."



Norway's Jan Einar Thorsen charging to victory in the super giant slalom, which allowed him to also capture the season's super-G title.

Parma Draws Benfica for Cup Semifinal

Reuters — Parma of Italy, trying to become the first club in the history of the Cup Winners' Cup to retain the trophy, was paired with Benfica of Portugal when the semifinal draw was made on Friday.

The other semifinal will be between Arsenal of England and Paris St. Germain, whose officials were visibly delighted that they had avoided being paired with Parma.

In the UEFA Cup, Internazionale of Milan and Cagliari will meet in an all-Italian semifinal, while Karlsruhe of Germany will play Austria Salzburg.

The first leg of the semis of both competitions will be played on March 29 or 30, and the return legs on April 12 or 13.

The Parma president, Giorgio Pedraneschi, compared Benfica to the club's greats of the early 1960s. He predicted a tough game

against the Portuguese, but added, "Our current team is good enough to beat whoever it plays."

Paris St. Germain, unbeaten since August, had been hoping to avoid Parma and to play the second leg of an eventual final at home. They did not get their second wish but managed to avoid the strong Italians.

"We are at least half-satisfied," said the team's sports director, Jean-Michel Moutier. Arsenal, bidding to reach the final of the competition for the first time since losing the 1980 final to Valencia of Spain on penalties, appeared equally satisfied with the draw. The managing director, Ken Friar, said: "The good thing is they seem as concerned about meeting an English side as we are about meeting them."

In the UEFA Cup, officials from Karlsruhe punished the air in delight after the UEFA president, Johansson, drew them against Austria Salzburg.

"This is the ideal situation for us," said the Karlsruhe marketing manager, Reinhardt Kihner. "First of all we wanted to play Salzburg, then we wanted to play the second game of the final at home. That is what we got."

But the two Italian teams still in the UEFA Cup were less happy at being drawn against each other. It was the second straight round in which Cagliari has drawn Italian opposition; they defeated last year's UEFA Cup winners, Juventus, in the quarterfinals.

"I'm unhappy for two reasons," said the Inter Milan vice president, Giorgio Abbiezzi. "Firstly because they're an Italian team, and secondly because they're a strong team."

UEFA said Friday that the Champions' Cup final would be held at the Olympic stadium in Athens on May 18. Reuters reported from Zurich, the Cup Winners' Cup final will be played May 4 at Parken Stadium in Copenhagen. It will be the first major European final in Denmark.

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Prosecutor Backs
Harding Decision

Her Plea Prevented 'Media Frenzy'

Compiled by Our Staff From Dispatches

PORTLAND, Oregon — The prosecutor in the Nancy Kerrigan assault case says that despite evidence that might have convicted Tonya Harding on more serious charges, justice was served by offering her a plea bargain arrangement on a single felony count of interfering with the prosecution.

"Her indictment would have led to a prolonged, disruptive media frenzy that would have tied up the court and this office for a year," the prosecutor, Norman Frink, deputy district attorney for Multnomah County, said Thursday. "And at the end of the day, that might not have achieved more than this plea."

In the plea bargain agreement announced Wednesday in district court, Harding admitted to conspiring to hinder prosecution. She received a probation of three years, fines of \$160,000 and 500 hours of community service. She also agreed to resign from the U.S. Figure Skating Association, a move that effectively ends her competitive career. But as part of the bargain, Harding is allowed to travel within Oregon and to Washington and California, which cleared the way for a deal for a movie based on the skater's life.

Zev Braun, head of Zev Braun Pictures Inc. in Los Angeles, confirmed Thursday that his company had signed a deal with Harding for an undisclosed fee to produce the only "authorized" version of her life story.

"There's a provision in our agreement that Tonya will participate in doubling her own skating," said Ken Schwartz, the company's executive vice president. Terms of the movie agreement weren't announced, but Harding will receive substantially less than Kerrigan did in her \$2 million agreement with Disney.

A source close to the Kerrigan case said that Harding had enough money to meet the obligations of the plea bargain, but after that would be "tapped out."

Oregon has a law requiring convicted criminals to turn over proceeds from movies or books about their crimes to a state fund. The victim of the crime can then sue to get some of that money.

However, a similar law in New York has been ruled unconstitutional and Oregon authorities say they do not plan to enforce it.

Also Thursday, the U.S. Figure Skating Association tentatively decided to proceed with a disciplinary hearing against Harding in late June. The association's nine-member executive committee convened via a telephone conference call on Thursday to discuss a number of issues regarding Harding, including its position should Harding seek reinstatement, according to Claire Ferguson, president of the skating association.

Ferguson said there was also discussion about stripping Harding of her national championship, but nothing was decided.

"We're making a list," Ferguson said. Last week, a federal judge in Portland postponed until late June a disciplinary hearing that Harding was to face before a skating association panel. Although the association still wants to proceed with it, some people are questioning its ability to conduct a disciplinary hearing now that Harding has resigned from the organization, Ferguson said.

"We haven't accepted her resignation," Ferguson said. "Maybe we want to suspend her instead." (NYT, WP, AP)

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE			
Team	W	L	Pct
New York	44	17	.720
Orlando	38	23	.620
Atlanta	36	27	.570
New Jersey	32	30	.516
Boston	24	38	.387
Philadelphia	21	42	.338
Washington	19	44	.302
CENTRAL DIVISION			
Atlanta	41	19	.684
Chicago	40	20	.667
Cleveland	36	27	.570
Indiana	33	28	.541
Charlotte	27	34	.443
Detroit	17	46	.269
Milwaukee	17	46	.269
WESTERN CONFERENCE			
Team	W	L	Pct
Houston	44	17	.720
San Antonio	43	19	.693
Utah	41	21	.663
Denver	37	25	.597
Minnesota	37	25	.597
Dallas	36	26	.577
PACIFIC DIVISION			
Seattle	41	19	.684
Portland	36	24	.600
Golden State	35	25	.581
L.A. Lakers	33	27	.550
L.A. Clippers	23	37	.383

HOCKEY

NHL Standings

EASTERN CONFERENCE			
Team	W	L	T
N.Y. Rangers	44	21	4
New Jersey	40	21	8
Washington	32	22	8
Dallas	30	29	7
Philadelphia	31	27	6
Florida	30	29	7
Philadelphia	31	27	6
N.Y. Islanders	30	28	6
Tampa Bay	25	37	1
CENTRAL DIVISION			
St. Louis	37	22	4
Pittsburgh	36	22	4
Chicago	34	23	3
Buffalo	32	27	3
Quebec	29	34	3
Carolina	25	37	1
WESTERN CONFERENCE			
Team	W	L	T
Edmonton	44	17	1
Calgary	41	21	4
Vancouver	38	23	3
San Jose	37	24	3
Anaheim	37	24	3
Los Angeles	35	26	3
San Jose	37	24	3
PACIFIC DIVISION			
Edmonton	44	17	1
Calgary	41	21	4
Vancouver	38	23	3
San Jose	37	24	3
Anaheim	37	24	3
Los Angeles	35	26	3
San Jose	37	24	3

TENNIS

Lipton Championships

Match	Score
Andre Agassi (28), United States, def. Stefan Edberg (23), Sweden, 7-6 (7-1), 6-2	
Andre Agassi (28), United States, def. Stefan Edberg (23), Sweden, 7-6 (7-1), 6-2	
Andre Agassi (28), United States, def. Stefan Edberg (23), Sweden, 7-6 (7-1), 6-2	
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Andre Agassi (28), United States, def. Stefan Edberg (23), Sweden, 7-6 (7-1), 6-2	

BASEBALL

Major League Scores

Match	Score
Florida 4, Cleveland 5	
St. Louis 4, Kansas City 5	
Minnesota 4, Boston 5	
Los Angeles 4, New York Mets 3	
San Francisco 4, San Diego 5	
Colorado 3, Oakland 4	
Oakland 4, Colorado 3	
Seattle 4, Milwaukee 5	
Baltimore 4, Philadelphia 3	
Chicago White Sox 3, Pittsburgh 2	
Tampa Bay 3, New York Yankees 2	
Chicago Cubs 16, California 6	

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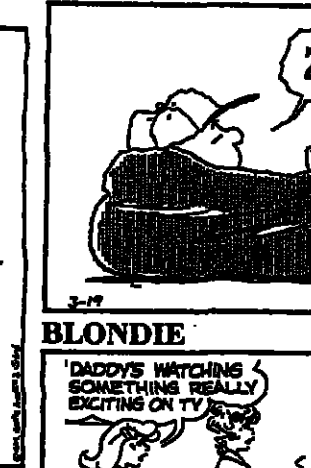
UEFA Cup

Match	Score
Inter Milan 4-3 on aggregate vs. Borussia Dortmund	
Inter Milan 4-3 on aggregate vs. Borussia Dortmund	
Inter Milan 4-3 on aggregate vs. Borussia Dortmund	
Inter Milan 4-3 on aggregate vs. Borussia Dortmund	
Inter Milan 4-3 on aggregate vs. Borussia Dortmund	
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Inter Milan 4-3 on aggregate vs. Borussia Dortmund	
Inter Milan 4-3 on aggregate vs. Borussia Dortmund	
Inter Milan 4-3 on aggregate vs. Borussia Dortmund	

Dennis the Menace



PEANUTS



CALVIN AND HOBBES



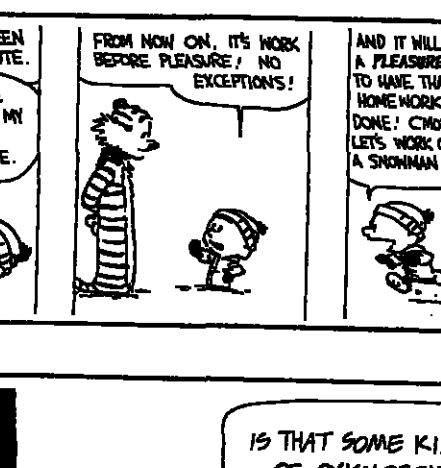
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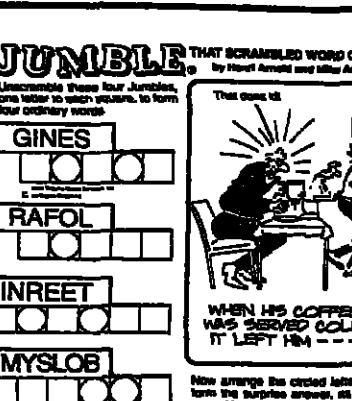
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JUNGLE



BLONDIE



BEETLE BAILEY



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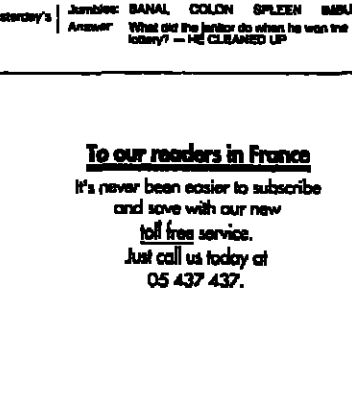
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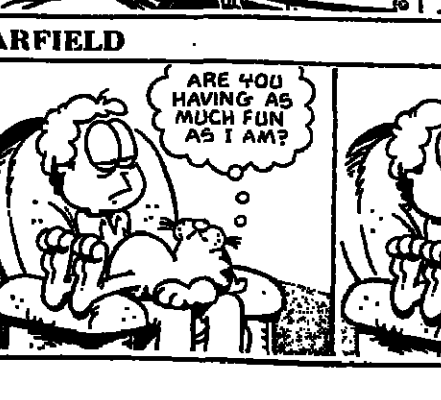
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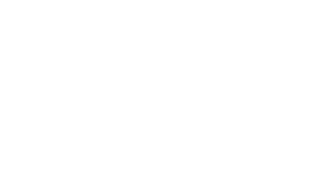
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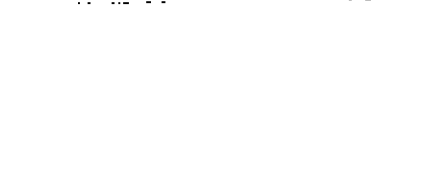
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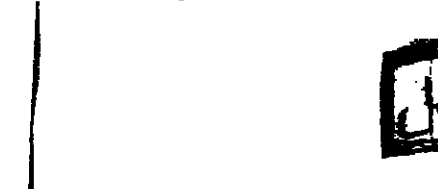
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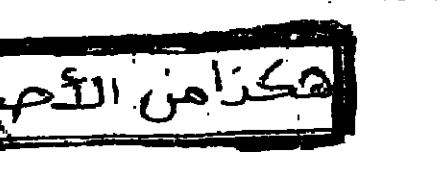
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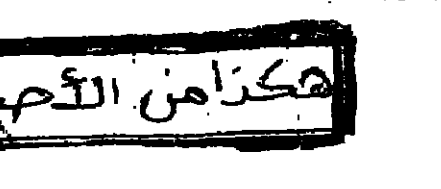
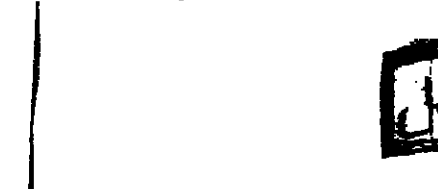
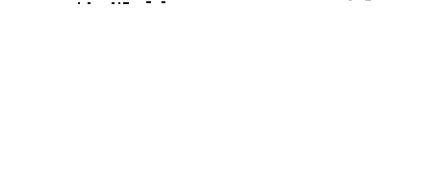
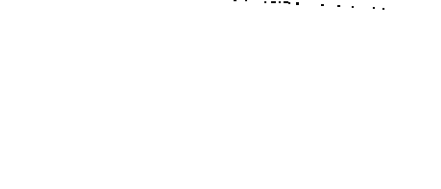
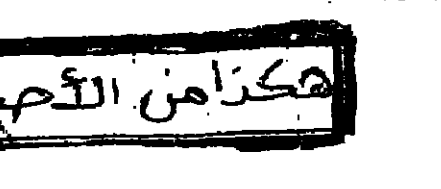
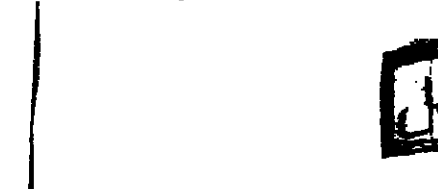
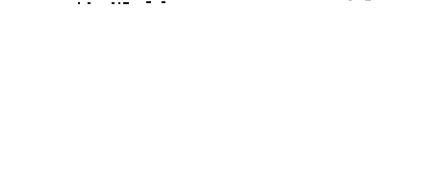
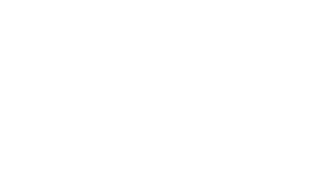
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DAVE BARRY

The Irregularity Strain

Miami — Mutant constipated worms. It's a topic we all THINK about a lot, but what do we really KNOW about it?

The answer, I am pleased to report, is: more every day, thanks to the efforts of a professor named Jim Thomas in the genetics department of the University of Washington in Seattle. Thomas has an entire laboratory devoted to studying irregularity in worms.

I learned of Thomas's work through one of his alert graduate students, Greg Darby, who sent me a lengthy scientific paper that Thomas had written. In an accompanying letter, Greg wrote: "Notice that Jim was not merely content to describe how worms poop. Oh no. We geneticists are a twisted lot, because we LOVE mutants, so Jim went and loved worms with nasty chemicals to make MUTANT WORMS THAT ARE CONSTIPATED. Really, it's all there in the paper. I know you can't understand most of it, so I have highlighted the word 'constipated.'"

Greg — who is not afraid to use capitalization for emphasis — added that "JIM'S RESEARCH IS FUNDED BY THE U.S. GOVERNMENT. HE IS SPENDING TENS OF THOUSANDS OF DOLLARS OF TAXPAYERS' MONEY TO MAKE CONSTIPATED WORMS!!!!!!!"

Let me state that, as a taxpayer, I would much rather see my tax money spent on mutant constipated worms than on the Senate Judiciary Committee. Not that there is such a huge difference.

But as a journalist, I feel a fundamental responsibility to you, the public, to check out stories that involve the use of your tax money for scientific projects in cities that have good microbrewery beer. So I went to Seattle. Thomas's office is located in the university's Health Sciences Building, which is very scientific. I say this because the bulletin boards, back in the '60s, when I was in college, our bulletin boards were covered with announcements of festive events such as dances, concerts and the violent overthrow of the U.S. government. Whereas the first bulletin board I saw in the Health Sciences Building had this posted on it: "A KERATIN 14 MUTATION. HOT SPOT FOR EPIDERMOLYSIS BULLOSA SIMPLEX. DOWLING-MEARA."

I wasn't sure that it was medically safe for a taxpayer to even LOOK at these worms, so I scurried up to Jim Thomas's laboratory. It was cluttered with scientific items such as petri dishes, beakers, test tubes, radioactivity warnings, dead chemicals and graduate students eating their lunch. I did not immediately see any worms; Professor Thomas explained that the ones he studies, called *Caenorhabditis elegans*, are only one millimeter long.

Jim Thomas loves his worms. "We think they are the coolest organisms in the world," he told me.

What makes these worms especially cool for constipation studies is (1) you can see right through them, and (2) they poop every 45 seconds. I know this because I saw them myself.

Next Thomas led me to a microscope, where I saw some live worm action. Basically what these worms do all the time is crawl around in dishes full of food, eating, pooping and having sex. It is guy heaven. All they need is tiny TVs with remote controls.

The male worms, by the way, are total sex fiends. They try to do it with everything they bump into, including other males.

I also looked at some mutant constipated worms, who were bloated and definitely not as lively. They reminded me of people in laxative commercials.

PHARMACIST WORM: You don't look so good today, Ed. Is it... irregularity?

CUSTOMER WORM: You said it, Mr. Feenley! I haven't pooped in over 90 seconds!

I asked Jim Thomas if there was any possibility that his research would ever, in a zillion years, have any practical benefits for humans. He couldn't think of any offhand, but he allowed that it might conceivably be possible.

That is good enough for me. I'm glad that we're funding this research. In fact, I would strongly support spending more money in this area, as well as any scientific endeavor that has the potential to benefit mankind. And here I am thinking of the microbreweries.

Knights-Ridder Newspapers

The Life and Adventures of Jiri Menzel

International Herald Tribune

PARIS — Back in the brazen 1960s, the filmmakers known as the Czech New Wave triumphed with work that was as anarchic in its way as more heated American and European films but that also had a mocking and pastoral tenderness. Then, in 1968, the Russian tanks rolled in. Such directors as Ivan Passer and Milos Forman

MARY BLUME

went West and lost something in translation. Jiri Menzel, whose "Closely Watched Trains" had won an Academy Award for best foreign film in 1967, stayed on and after making "Larks on a String" was banned from filmmaking for five years.

"Larks on a String," a comedy based on short stories set in 1950s Czechoslovakia, was finally released 20 years later and won a Golden Bear at the Berlin film festival. During his banishment from films, Menzel directed plays and acted. As one might suppose from a poker face that makes Buster Keaton look giggly, he specialized in comic roles.

He directed plays in Paris, Switzerland, Germany, Finland, Sweden and Yugoslavia and returned to films when the ban was lifted. In 1991 he directed the movie of Václav Havel's stage adaptation of "The Beggar's Opera" by John Gay.

Havel's play owed nothing to Brecht's version, which Menzel finds humorous and dry. "Havel showed how easy it is to misuse language, that's the motor of the piece. By the time he finished it, he was banned."

Havel, setting the play in 1920s Prague, emphasized the collusion between police and thieves. By the time Havel had been freed and elected as his country's president, the work had taken on resonances about the collusion between certain dissidents and the secret police, similar to that of East German intellectuals and the Stasi. "At the end, Havel made a speech saying I swear I wrote this play 16 years ago and not today."

In all, Menzel has seen a lot of politically induced time lags, so it is not surprising that his new film, "The Life and Extraordinary Adventures of Private Ivan Chonkin," has been years in the making.

It is based on a Russian novel by Vladimir Voinovich that was smuggled out of the U.S.S.R. via the YMCA in Paris, as the works of Pasternak and Solzhenitsyn were, and published in the West in 1969 ("The Soviet 'Catch 22' as written by a latter-day Gogol," said The New York Times). It has since been published in some 20 languages, including Japanese. Having made fun of the army, the party and the KGB, Voinovich lost his citizenship and moved to Munich. The book finally came out in Russia in 1989 and was praised for its "liberating power of laughter."

In London, the producer Eric Krasnow was introduced to the novel by his wife, Katia Krasnowa. In 1986, it has taken seven years to pull off the production, six of them waiting for Menzel to be free.

The film is backed by Abraham's Portobello Pictures, as well as by French, Italian and Czech money and a Russian company with the unfortunate name of Tric. Abraham took the bold decision of filming in Czechoslovakia with a Russian cast that Menzel describes as "the cream of cream" and in the Russian language. "I learned Russian at school because I had to," Menzel said. "In the past I did not always like the sound of the language, but from the actors in the film it sounds very pleasant."

The film, which will be shown at the Cannes festival in May, is set in 1941. Chonkin (Gennadi Nazarov) is a jug-



Menzel (left) with Gennadi Nazarov, star of "The Life and Extraordinary Adventures of Private Ivan Chonkin."

earred recruit sent by army bureaucrats to guard a downed Russian biplane in a remote village, and then forgotten. The village, with its thieving Communist leader, its vodka still hidden behind a party banner, and its plump and earthy young postmistress (Zoya Buryak), with whom Chonkin falls in love, serves as a microcosm and as a contrast to heartless officialdom.

The young couple is charming and the fact that the film is set on the eve of an atrocious war adds to its poignancy. "I hate war and I also hate war films because most war films love war," Menzel said.

"When I was a little boy, just after the war, there were many black-and-white films about Russian heroism. But I wanted to show that the war in the Soviet Union was not a victory against the Nazis but the start of a great tragedy. The regime betrayed the Russian military because it believed in Hitler until the very last minute. The Russian army was bigger than the German, but they had no arms." In the film, the added army mistakes Chonkin for the enemy and attacks in arctic gear although it is full summer, their rifles lacking bullets. Chonkin and his girlfriend climb happily into the little airplane and fly away.

Now 55 and wearing the rosette of a French Officer of Arts and Letters ("No one in Prague knows what it is"), Menzel attended the famous FAMU film school, where

Milan Kundera taught comparative literature. The Czech New Wave, he says, gained strength from having to work under the constraints of the Communist regime.

"Now we can say everything. When you can say everything, there is nothing to say."

"There is too much stuff now that is sophisticated, quasi-intellectual, showing off. It's too bad, the same thing is happening in Germany and the result is that audiences prefer American films. The super-artistic wave is really dangerous."

The special brand of Czech humor — knowing and potted, but without sarcasm — can be traced back to the violence following the Hussite movement of the 14th century, Menzel says. "Since then, there is official and unofficial thinking. Everyone learned to think two ways — to agree and to be subversive. Czechs are always skeptical. They know how to survive, it is in their blood."

The great Czech comic classic about the military is of course Jaroslav Hasek's "The Good Soldier Schweik." Why did Menzel choose to film the Voinovich novel instead? For one thing, "Schweik" has been filmed often and unsuccessfully, he says.

"It is too big, with not enough drama. Chonkin is more closed, even if the subject is bigger. And it has love and tenderness. I don't think Hasek liked people very much. Voinovich has a heart."

PEOPLE

'Imperfect' Pavarotti Delays Manila Concert

Luciano Pavarotti postponed his Manila concert Friday evening less than an hour before it was to begin. The opera star had caught a cold that he said made his voice less than perfect, and "I do not want to stage a concert which is not perfect." Organizers announced the postponement, to Monday, while many of the country's social elite waited outside the concert hall with tickets that had cost as much as \$900. One of those who came and left disappointed was Imelda Marcos, the former first lady, who is out on bail pending an appeal of an 18-year jail sentence for corruption. The postponement means Pavarotti will have to cancel one of two concerts in Kuala Lumpur.

Hank Williams Jr. will visit Japan for the first time in 10 years, with two concerts next month in Tokyo and Osaka. "It's been 10 years since Hank has performed in Japan, and that was mainly for the American military personnel stationed there," Merle Kilgore, his manager, said. "This time he's going over to entertain his Japanese fans."

A car clipped Gene Shalit while he crossed a street in St. Petersburg Beach, Florida, sending the music-themed movie critic for the "Today" show to a hospital with a broken leg.

Prince Charles will make his first visit to Russia in May. The prince's trip will center on Saint Petersburg, where Business Leader Forum, of which Charles is president, is working to help preserve works of art and literature in the city's museums and galleries.

Ozzy Osbourne has discovered a stunt even more dangerous than biting the heads off live bats, inviting his fans to join him onstage. Osbourne made that invitation on a March 28, 1992, concert and started a stampede. His attorney called it "a really stupid thing to do" and an Orange County, California, jury agreed, ordering the heavy-metal rocker to pay \$60,000 to an electrician trampled in the stampede.

INTERNATIONAL CLASSIFIED

Appears on Pages 7 & 11

WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

Europe

	Today	High	Low	Temp	High	Low	Temp
Algeria	60/62	10/11	6/10	10/11	6/10	10/11	6/10
Andorra	11/12	10/11	6/10	10/11	6/10	10/11	6/10
Austria	17/22	10/11	6/10	10/11	6/10	10/11	6/10
Belgium	18/24	11/12	7/6	11/12	7/6	11/12	7/6
Bulgaria	12/15	6/10	2/3	6/10	2/3	6/10	2/3
Croatia	6/12	2/3	0/1	2/3	0/1	2/3	0/1
Czech Rep.	8/10	3/7	0/1	3/7	0/1	3/7	0/1
Denmark	10/14	4/7	1/2	4/7	1/2	4/7	1/2
Finland	12/14	3/7	0/1	3/7	0/1	3/7	0/1
France	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Germany	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Greece	11/12	3/7	0/1	3/7	0/1	3/7	0/1
Hungary	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Ireland	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Italy	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Japan	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Korea	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Latvia	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Lithuania	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Netherlands	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Norway	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Poland	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Portugal	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Romania	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Russia	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Slovakia	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Slovenia	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Spain	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Sweden	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Switzerland	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Turkey	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Ukraine	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Yugoslavia	12/14	3/7	0/1	3/7	0/1	3/7	0/1

North America

	Today	High	Low	Temp	High	Low	Temp
Alaska	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Arizona	14/17	7/14	4/1	7/14	4/1	7/14	4/1
California	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Colorado	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Connecticut	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Delaware	14/17	7/14	4/1	7/14	4/1	7/14	4/1
District of Columbia	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Florida	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Georgia	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Hawaii	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Idaho	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Illinois	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Indiana	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Iowa	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Kansas	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Kentucky	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Louisiana	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Maine	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Maryland	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Massachusetts	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Michigan	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Minnesota	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Mississippi	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Missouri	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Montana	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Nebraska	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Nevada	14/17	7/14	4/1	7/14	4/1	7/14	4/1
New Hampshire	12/14	3/7	0/1	3/7	0/1	3/7	0/1
New Jersey	14/17	7/14	4/1	7/14	4/1	7/14	4/1
New Mexico	14/17	7/14	4/1	7/14	4/1	7/14	4/1
New York	14/17	7/14	4/1	7/14	4/1	7/14	4/1
North Carolina	14/17	7/14	4/1	7/14	4/1	7/14	4/1
North Dakota	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Ohio	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Oklahoma	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Oregon	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Pennsylvania	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Rhode Island	14/17	7/14	4/1	7/14	4/1	7/14	4/1
South Carolina	14/17	7/14	4/1	7/14	4/1	7/14	4/1
South Dakota	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Tennessee	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Texas	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Utah	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Vermont	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Virginia	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Washington	14/17	7/14	4/1	7/14	4/1	7/14	4/1
West Virginia	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Wisconsin	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Wyoming	12/14	3/7	0/1	3/7	0/1	3/7	0/1

Middle East

	Today	High	Low	Temp	High	Low	Temp
Algeria	60/62	10/11	6/10	10/11	6/10	10/11	6/10
Andorra	11/12	10/11	6/10	10/11	6/10	10/11	6/10
Austria	17/22	10/11	6/10	10/11	6/10	10/11	6/10
Belgium	18/24	11/12	7/6	11/12	7/6	11/12	7/6
Bulgaria	12/15	6/10	2/3	6/10	2/3	6/10	2/3
Croatia	6/12	2/3	0/1	2/3	0/1	2/3	0/1
Czech Rep.	8/10	3/7	0/1	3/7	0/1	3/7	0/1
Denmark	10/14	4/7	1/2	4/7	1/2	4/7	1/2
Finland	12/14	3/7	0/1	3/7	0/1	3/7	0/1
France	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Germany	14/17	7/14	4/1	7/14	4/1	7/14	4/1
Greece	11/12	3/7	0/1	3/7	0/1	3/7	0/1
Hungary	12/14	3/7	0/1	3/7	0/1	3/7	0/1
Ireland	12/14	3/7	0/1	3/7	0/1	3/7	0/1